Daily Report

Latin America

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FBIS-LAT-96-032 *15 February 1996*

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Media Comment on Implications of Samper Crisis

96P20287

[FBIS Report]**Argentina** — The influential Buenos Aires daily CLARIN (31 January) cautioned Latin American countries not to "regard with indifference" the potential risks for a possible "replication of the Colombian situation." The paper pointed out that recent reports have noted "the alarming degree of penetration by drug trafficking cartels and their connection with corruption cases uncovered in several countries, including Argentina."

Brazil — The independent Rio de Janeiro daily JORNAL DO BRASIL (30 January) opined that the Colombian crisis is not limited to the Samper administration or to Colombia. According to the paper, the majority of Rondonia State politicians have compromising ties to the Cali cartel and Samper's situation is "a visible symptom of a greater evil," which affects the Americas as whole.

Chile — Santiago's LA TERCERA DE LA HORA (29 January) called the "political crisis" facing Colombian President Ernesto Samper "a clear warning signal" to those nations infiltrated by drug traffickers. The paper noted that drug consumption in Chile is expanding "dangerously." The paper said there is an "urgent need to correct as soon as possible the legal vacuums that prevent an effective fight against this scourge."

Ecuador — Quito's leading daily HOY (30 January) said that the Samper crisis should serve as a "wake-up call" for Ecuador. While noting that the "the extent of drug trafficking influence in Ecuadoran politics is unknown," the paper nonetheless called for "transparency" in campaign spending in the upcoming presidential race.

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Cuba

Cuba Signs Interparliamentary Agreement With Panama

PA1402150896 Havana PRENSA LATINA in Spanish 2302 GMT 13 Feb 96

[FBIS Translated Text] Havana, 13 Feb (PL) — Cuban and Panamanian legislators signed today a joint declaration to promote rapprochement between the two countries, to foster regional integration, and to condemn the hostile policy of the United States toward Cuba.

The document, to which PRENSA LATINA had access, is considered by its signers as an effective tool that will allow the creation of future institutional rapprochement and increase regional solidarity.

According to the agreement, signed by the respective heads of the Foreign Relations Committees of the two parliaments, Cuban Jorge Lezcano and Panamanian Oyden Ortega, the two legislative organizations promise to support the creation of a joint interparliamentarian commission, from which they expect vigorous work.

To that end, the agreement adds, the two parliaments will carry out actions to guarantee bilateral cooperation, including issuing laws to expedite the implementation of joint projects in the economic, cultural, and scientific fields.

Special attention was paid to legislative cooperation between the two Caribbean nations regarding the fight against drug trafficking, protection of the environment, and making the process of integration in the American subcontinent more dynamic.

Moreover, the declaration calls on the Latin American Parliament and the U.S. Congress to stop the U.S. coercive blockade measures against Cuba, which have lasted more than 30 years and which the United States is now trying to harden through the Helms-Burton bill.

Referring to the peaceful spirit of the two countries, the declaration expresses confidence that the U.S. Government will return the Panama Canal to isthmian authorities, as agreed upon in the Torrijos-Carter treaties.

Cuba's New Health System Goes Into Operation in Havana

PA1402163596 Havana Radio Havana Cuba in Spanish 0000 GMT 14 Feb 96

[From the "Evening Information Review" newscast]

[FBIS Translated Text] A new health subsystem called Main Polyclinics [Policlinicos Principales] is functioning in three Havana municipalities as part of the efforts the country is making to perfect its primary-attention system, which includes also the family doctor or nurse, the traditional polyclinics, and the hospital staff.

This subsystem uses existing structures and supplies them with resources such as laboratories and electrocardiograms, X-rays, and stomatology equipment, among others.

It is expected that in the future, the generalization of polyclinics will serve to relieve the hospital staffs by 70 percent.

Since their installation two months ago, these Main Polyclinics in the Cuban capital have demonstrated that in addition to saving lives, they bring medical resources closer to the community. For this reason, this practice will be gradually extended to all the provinces of the country.

Program on Cuba's Isolation, Relations With Haiti

PA1402210696 Havana Radio Rebelde Network in Spanish 1700 GMT 13 Feb 96

["Straight Talk" program with journalist Eddie Jimenez and program host Osvaldo Rodriguez]

[FBIS Translated Text] [Rodriguez] Good afternoon. Loneliness is not so lonely. This is the issue that journalist Eddie Jimenez has for us today.

Today we are going to discuss the loneliness that our enemies link to us, although not lately because Cuba has just signed the reestablishment of relations with country number 156.

[Jimenez] Yes, we have relations with 156 countries out of 185 member states of the United Nations. This is important, especially considering our context. Cuba has just signed, as you have said, the reestablishment of relations with Haiti, the country closest to our shores. Only 77 km separate us from that country.

[Rodriguez] It is amazing that the country closest to us did not have relations with us.

[Jimenez] Yes, but remember that during the 1960's, because of U.S. pressure, Cuba was left without relations with the countries of America, with the exception of Mexico and Canada, a situation that has substantially changed in spite of U.S. pressure. Currently, the countries Cuba does not have relations with are Paraguay, Costa Rica, El Salvador, Guatemala, Honduras, and the Dominican Republic.

[Rodriguez] But in the cases of Guatemala and the Dominican Republic there are frequent contacts.

[Jimenez] Costa Rica also.

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[Rodriguez] Our foreign minister was recently invited to the inauguration of the president of Guatemala. What is the significance of having relations with 156 countries?

[Jimenez] We have said this before. Few countries have relations with 156 countries. In Latin America it would be difficult to find another country that has relations with so many states.

[Rodriguez] It would be interesting to find that out.

[Jimenez] I assure you that no other Caribbean basin country, with the exception of Mexico, perhaps, has relations with 156 states. Imagine this for a country that, as you have explained, the United States wants to picture as an isolated country, a totally lonely island in the middle of the sea. This is completely false.

[Rodriguez] When we analyzed Cuba's foreign relations work in 1995, we discussed Cuba's diplomatic offensive. This led us to relations with states that never had ties with Cuba and with others with whom relations had been broken. I think relations with Haiti are a result of that diplomatic offensive.

[Jimenez] Undoubtedly, this is a result of that offensive. Today we are going to talk about the reestablishment of these relations and about the installation of Rene Preval as president of Haiti. The diplomatic offensive has been very valuable and results are visible. However, in Haiti's case these relations would not have been reestablished if there had not been a Jean-Bertrand Aristide as president and, now, a Rene Preval.

This is something we are going to discuss. The reestablishment of relations between Haiti and Cuba is important not only for our two countries. This has to be analyzed from the point of view of the Caribbean basin, of the Association of Caribbean States. Remember that we expect much of this association and so will Haiti, probably, once it pulls out of their current crisis.

[Rodriguez] Eddie, you said that relations with Haiti would not have been possible without Aristide and Preval. Why?

[Jimenez] Remember that Haiti broke relations with Cuba in the 1960's, under U.S. pressure. This was during Duvalier. The United States did not have to exert too much pressure on Duvalier. All it had to do was say it wanted Haiti to break relations with Cuba. That was enough for Duvalier. Many military regimes have governed that country, and not just in recent years. Remember that this is the oldest republic in the continent, after the United States, which was the first republic. Haiti followed, in 1804, if I remember correctly.

This is the first time in all those years of republican history that a Haitian Government elected by the people is able to transfer power to another government elected by the people.

[Rodriguez] The hard way.

[Jimenez] Yes, the hard way and a foreign intervention.

[Rodriguez] The first phase of the elected government was a difficult one. This is the first time that a president who had been overthrown and lived in exile two years was still called president.

[Jimenez] He only governed seven months.

[Rodriguez] He only governed seven months. This is a unique case.

[Jimenez] This is also the poorest country of the western hemisphere. It also has this uniquely sad record. It is sad that in its 200-year history, this is the first time that a government elected by the people transfers power to another government elected by the people. Imagine the hazardous life this people have lived from a political and military point of view. If Aristide had not reached power, the military dictatorships would have continued and they would not have established relations with Cuba.

[Rodriguez] Even when Aristide arrived, he was followed by a military dictatorship, that of Cedras.

[Jimenez] Aristide returned to power due to foreign factors, most of them, that facilitated his return. I would say that the country most interested in overthrowing Cedras was the United States, for several reasons: The United States has built a policy for Latin America based on representative democracy. A military dictatorship in the middle of the Caribbean, right next to the United States, did not fit its interests, its attempt to show a road for Latin America to follow.

This on one hand. On the other, the Haitian dictatorship provoked a big wave of Haitian emigrants to the United States. The United States strongly rejected this. The U.S. Government wanted to stop it but it was not going to stop while the military regime stayed. The Haitians were fleeing from hunger, from repression, etc.

And also, as I have said, because in Latin America everybody saw links between the Haitian coupists and drug-traffickers and this is another point the Clinton administration and previous U.S. Governments have attacked strongly.

[Rodriguez] This is the second phase, with a president elected by the people assuming power in Haiti, the poorest country in the western hemisphere. What will Haiti's future be, its economic future, especially?

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[Jimenez] Its future is bleak. This is a sad fact we must admit. That country has a population of 6.9 million who live in a territory of 27,750 square km, approximately the size of three of our provinces: Ciego de Avila, Camaguey, and Las Tunas. In that small territory 6.9 million people live.

[Rodriguez] Eddie, what else regarding Haiti's future?

[Jimenez] In Haiti, 85 percent of the people live in extreme poverty and not only that, in the 1980's and so far in the 1990's, Haiti's GNP shows a reduction of more than 50 percent.

[Rodriguez] In Haiti when you say extreme poverty, what does this mean?

[Jimenez] Imagine! How can you measure poverty in the poorest country of the hemisphere? There, if you receive the equivalent of $200 a year, you are within the norm. Can you imagine this? This is the average in Haiti.

[Rodriguez] In Haiti, currency is at par with the dollar, per presidential decree.

[Jimenez] Unemployment is 80 percent. Visualize this.

[Rodriguez] The situation is very difficult.

[Jimenez] Very difficult, and from a political point of view is even more difficult.

[Rodriguez] But before we get into politics, where could the Haitians find a solution?

[Jimenez] The first thing the Haitians must do is to try to stabilize the country because the international community does not want to invest in Haiti or to grant it any loan, considering the troubled situation. This is why I wanted to get on to the political part. The first thing is to stabilize Haiti. If it can do this, then Haiti can think about international cooperation and even loans. That country's foreign debt is practically insignificant, $773 million. Why? Because no one makes loans to Haiti. No one invests in Haiti. It is too risky. This is a fact. Stability has to happen first to bring calm to the country. Considering the background we have discussed, this will be very difficult. Aristide's main achievement was to dissolve the Army. This cost him many headaches, but the paramilitary groups remain. The country has been unable to dissolve them.

[Rodriguez] In a small country this should not be difficult to do, if the Armed Forces want to do it.

[Jimenez] The will is there but the Armed Forces had to be dissolved. The country is trying to create a police force, a force trained by the United States.

[Rodriguez] Of course.

[Jimenez] Right. And these paramilitary forces are armed. They are as large as the Army was, 7,000 men. Do not think this is easy to do in a country with a culture of violence. I think the first thing that must be done in Haiti is to give it back its peace, dissolve the paramilitary groups the same way the Army was dissolved. Preval is counting on the UN forces, approximately 2,000 men from Pakistan and Canada, staying another six months to try to dissolve the paramilitary groups.

I do not think this will be easy to do because order must be introduced into public administration also. This is the second challenge, after the dissolution of the paramilitary forces.

[Rodriguez] We have 30 seconds left. Let's wrap it up with your conclusions of today's issue and on Cuba and its place in the world.

[Jimenez] Before closing with Cuba, I think with regard to Haiti that the big challenge is, as Aristide once said, to move on from extreme and inhuman misery to divine misery; and regarding Cuba, we have to safeguard and improve our achievements in our relations with Latin America.

[Rodriguez] Thank you, Eddie Jimenez, for speaking clearly on this issue.

Haiti

Haitian Opposition Leader on 'Plot' Against MDN, Arrests

PA1402163796 Port-au-Prince Signal FM Radio in French 1130 GMT 13 Feb 96

[From "The Waking Up Newscast"]

[FBIS Translated Text] Police roundup in Petit-Goave. In fact, about 10 people were arrested and weapons seized in Petit-Goave at the end of the week, the spokesman for the National Police, Herold Israel, announced on 12 February in Port-au-Prince. This operation followed an attack against a police patrol on 8 February in the same city by strangers who claim to be members of a radical clandestine organization: The Red Army, according to the same source.

For his part, Hubert de Ronceray, leader of the opposition party Mobilization for National Development [MDN], denounced yesterday a plot by the authorities against his group. De Ronceray said the MDN militants that are among the arrested persons are witnesses to a campaign to eradicate his party.

De Ronceray speaked of the eradication campaign in the region and the entire national territory. The attackers, he

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said, who were about 20, allege that they were attacked in Croix-Hilaire but inhabitants in the area assert that the bursting of the right rear tire of the policemen's car sowed panic among the latter. This incident was enough to justify all-directional attacks against the Petit-Goave people in general and the MDN partisans in particular, denounced De Ronceray in a note that reached us yesterday with the title: Petit-Goave is undergoing the attacks of the 7 February 1996 men.

[Begin De Ronceray recording, in Creole] Those policemen and some armed civilians, who wanted to have the strength of their alcoholic beverage and their power felt, started shooting in the air. When they got into their car, a rear tire burst. They were so afraid that they fled despite the torn tire until they got to the Petit-Goave barracks where they reported that they had been attacked in Vialet. This is what they needed to start what they call the operation aimed at uprooting MDN in Petit-Goave and throughout the country. They attacked all those who disagree with them even if they are not MDN members. Under the pretext that the country is in danger, they have closed all government offices and have shot at people's homes. They have plundered lottery banks. They have arrested, manhandled, handcuffed, tortured men and women. Petit- Goave is now upside down. All young men have gone into hiding. Adults as well as children are experiencing hard times. The following are the names of some people they have arrested and put in jail. [end recording]

Nearly 18 people were arrested during this police roundup recorded in the middle of last week.

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Mexico's EZLN Accepts Initial Peace Accords for Chiapas

PA1502002196 Mexico City NOTIMEX in Spanish 1939 GMT 14 Feb 96

[FBIS Translated Text] San Andres Larrainzar, 14 Feb (NOTIMEX) — The Zapatist National Liberation Army [EZLN] announced its decision today to accept and formalize with the government initial agreements on the process for building a just and honorable peace in Chiapas State.

Before renewing the negotiations with the government, Commander Tacho read a communique from the Clandestine Indian Revolutionary Committee stating that 96 percent of its rank and file agreed to endorse the first peace commitments.

Commander Tacho said, however, the rank and file, despite the agreement between the parts, also called for making known certain positions that were presented at the National Indian Forum organized by the EZLN in January.

Tacho said it is expected that the first agreements, which should prompt constitutional changes, will be signed during the first round of talks with government representatives.

Tacho said 2 percent of those consulted called for a total rejection of the results of Phase III of the Meeting on Indian Rights and Culture, which has been ongoing since October of last year.

According to the Zapatist leader, 1.4 percent of those consulted abstained from stating a position, and 0.6 percent called for giving the EZLN leadership a vote of confidence so it would make the decisions.

Tacho said: "The rank and file spoke in favor of formally reaching initial agreements and continuing with the dialogue. They insisted on still unsatisfied demands favoring democracy, liberty, and justice for all Mexicans."

According to the communique signed by Commanders Tacho, David, and Subcommander Marcos, those consulted also agreed that seven points must be discussed first for the negotiations to continue and to assume initial peace commitments.

The EZLN suggests the priority level of the well-being and development issue should be analyzed considering that the Indians' main problem is having access to the land.

Another point to be analyzed is acknowledgment of local and regional autonomy, a still pending issue. It will be necessary to insist on this Indian demand.

One third aspect viewed by the EZLN is that the government has accepted to analyze national issues with the EZLN, after it initially had rejected such a discussion, and it is now clear the Chiapas problem cannot be solved without solving the national problem. The armed group views this acceptance as a victory of the meeting in San Andres Larrainzar, permanent site of the EZLN dialogue with the government of President Ernesto Zedillo.

The agreements expected to be signed would mark a new epoch in the national Indian situation and pave the way for new demands for the benefit of the Indian people, the communique states.

The armed group stated that the fifth premise is that what has been achieved at the Chiapas negotiations table will serve as an example for other Mexican states that are organizing and demanding the same rights.

In the sixth point, the EZLN reiterated that the agreements with the government represent a new form of political dialogue and negotiations and described the process as clean and honest.

The seventh, and last, point insists that the results of the National Indian Forum represent part of the struggle of the Indian movement.

Commander Tacho argued that this significant progress is still only "in writing" and for this reason it will be demanded that agreements and demands presented at the forum, the solution to which is still pending, be resolved.

Luis Hernandez Navarro, an EZLN adviser, in reading another document, said this first phase of the negotiations is taking place within the framework of the Indian people's struggle for democracy.

The dialogue with the government has been open, participative and encouraging, open to the people, Hernandez Navarro said.

Commander Zebedeo said that the agreements and commitments on "Indian Rights and Culture" reached with the government at this meeting will be signed but that the struggle will continue so other demands will be met.

Zebedeo said the EZLN will seek more political participation "from below, without limiting itself to electoral matters, thus making possible a reversion of the correlation of forces." [sentence as received]

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Mexican Banks Show More Flexibility With 35 Businesses

PA1502010396 Mexico City LA JORNADA in Spanish 13 Feb 96 p 53

[Report by Juan Antonio Zuniga]

[FBIS Translated Text] Carlos Gomez y Gomez, vice president of the Mexican Association of Bankers (ABM), has added a new element to the implementation of a broad program to refinance debts of at least 35 large businesses through mediation with financial authorities. Gomez y Gomez has said the banks are willing to become flexible as long as there are possibilities and a willingness to pay.

Businessman Eduardo Bours is promoting a rescue program for businesses that governmental authorities have not yet recognized officially. It became known that the Coordinating Unit for Banking Refinancing of Businesses of the Finance and Public Credit Secretariat (SHCP) is developing this program.

Gomez y Gomez was interviewed after a news conference in which he announced the sale of 49 percent of the capital stock of InverMexico Insurance to the U.S. insurance company Lincoln National Corporation. Gomez y Gomez did not say how many large businesses could refinance their debts under this program being developed, although he has said these companies "have payment capabilities within the necessary timeframe for capitalization."

Gomez y Gomez, who is also president of the Financial Group InverMexico Board of Directors, has said it is a matter of reaching agreements between each debtor and the banks as long as these businesses are facing temporary capitalization problems. As a guarantee, the banks will own part of the capital stock and will make credit resources available to these large firms to refinance their liabilities.

Gomez y Gomez added that these negotiations seek to make more flexible the various credit contracts these businesses have made with various banks and reach an agreement. In addition, the association of banks with businesses is expected to be temporary. Studies are being carried out case by case, although the unavoidable requirement is that the indebted firm has payment potential.

Thus far, a list was mentioned of 35 large businesses that have financial problems resulting from excessive debt or, more exactly, from the burdensome, overall financial cost that increased because of currency devaluation and high domestic interest rates.

Figures on the total amount involved in this refinancing program have varied depending on the "filtration" source. Sources from the National Banking and Securities Commission have said this amount would range between $4 billion and $5 billion or some 37.5 billion pesos, but other sources from the private financial sector have given an estimate of 95 billion pesos. The first amount represents 33.2 percent of the accrued portfolio while the second one would represent 84 percent of the balance of overdue loans, which amount to 113 billion pesos.

SHCP official spokesman Alejandro Valenzuela announced on 7 February that the Zapata and Costamex Group was included in the program for refinancing businesses with an amount of $560 million. It became known two days later that the Sidek Group and its subsidiary Situr made a refinancing agreement with 17 Mexican banks, headed by Banamex [National Bank of Mexico], for $2.115 billion. This agreement, which was called "program for overall, balanced, and concerted refinancing," dispensed with the rumors about Sidek's nonpayment of $800 million.

Mexico's Situr Group Fails To Pay For Eurobonds

PA1502011496 Mexico City EL FINANCIERO in Spanish 13 Feb 96 p 12

[Report by Isabel Mayral Jimenez]

[FBIS Translated Text] The Situr Group has failed its obligation to pay $20 million in Eurobonds that were due yesterday after West Merchant Bank denied it a maturity term extension. The price of its shares tumbled for two consecutive days, triggered by the corporation's financial standing. Sidek B lost 9.82 percent yesterday, while Situr B lost 9.64 percent, and Simec B lost 4.55 percent.

Jose Julian Franco, assistant director for the Sidek Group, said during an interview that Sidek had been negotiating a maturity term extension with the West Merchant Bank since December. Franco confirmed, however, that the English bank denied them the extension, and the Group was unable to meet its obligation.

Situr will face yet another debt maturity totaling $25 million in March. Morgan Grenfell was in charge of that issue.

In that regard, stock market analysts have said Sidek's difficult financial standing sparked a lack of confidence among investors yesterday, particularly among foreigners. They believe other companies experiencing similar circumstances could also suspend their debt payments if the group's problems are not solved.

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The Santander broker said the markets are very strict and prone to thinking that if one company faces difficulties, others will likely follow suit. In Sidek's specific case, he said the lack of additional information on Sidek's debt restructuring was the key element that made the market punish Sidek stock prices.

Analysts have said foreigners are not satisfied with a restructuring process. They would rather have maturities come due at the issue's original contract date. They have said, however, that restructuring is better than a suspension of payment.

Even though this raises problems, analysts have said reasons not linked to the standing of the companies have placed them in a tight financial situation, and they should receive aid before falling into even greater risk.

Franco said the restructuring process announced on 9 February starts off from a strategy of renegotiating interests but not paying capital. In the case of Situr's $20 million maturity, Franco said they are holding talks with West Merchant Bank and trying to reach some satisfactory agreement.

In principle, Franco said, we have signed a letter of understanding with 17 Mexican banks, representing 70 percent of Sidek's total debt, or approximately $1.4 billion, for them to present a final restructuring plan before the end of March. The letter also includes the right to restructure additional debt with other local and foreign creditors, because it would be unfair to pay some creditors and not others.

Franco said Simec poses no major problems. It is on top of its liabilities and maintains a positive cash flow. In Situr's case, the debt was designed to be covered with higher revenues, but collections and the real estate market crashed with the December 1994 crisis.

Franco said we will now try to adapt to the new cash flow reality with a payment system that allows us to service our debt and to extend the maturity terms. In addition, to improve the company's capital structure, we will need to sell noncritical assets for the group's new profile as a tourist and hotel real estate developer.

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El Salvador

El Salvador's Calderon Supports Taiwan's UN Membership

PA1402163896 San Salvador LA PRENSA GRAFICA in Spanish 10 Feb 96 p 5A

[Report by Oscar Diaz]

[FBIS Translated Text] Salvadoran President Armando Calderon Sol yesterday reiterated to Taiwanese Vice President Li Yuan-zu El Salvador's support for Taiwan's UN membership.

Calderon and Vice President Enrique Borgo Bustamante met with Yuan-zu yesterday, but the media's access to the meeting was restricted.

During the meeting, the officials discussed Taiwanese businessmen's interest in investing in the country, for which some progress has already been made, a source close to the Taiwanese delegation said.

Yuan-zu said that Calderon expressed concern over the status of the relations with the PRC, which refuses to recognize its neighbors in Taiwan saying the latter is a rebel province.

Calderon promised Yuan-zu El Salvador's continued support for Taiwan at the United Nations, where El Salvador and other Central American countries have lobbied to help Taiwan get the membership it lost in 1971.

PRC is a member of the UN Permanent Council, which means it has a veto right. With a population of 1.2 billion, it is strategically and politically important in world affairs.

On the other hand, Taiwan has slightly more than 30,000 square km and 21 million people. Nevertheless, the country has embassies in 30 countries of the world — mostly in the American continent — and some 125 official offices.

Trade and Cooperation

Calderon told Yuan-zu that the Salvadoran Government is promoting the attractions of the local market for foreign investment, particularly those of Taiwan.

According to Taiwanese Embassy sources, measures are being adopted to guarantee the mutual protection of investments.

Calderon, however, suggested to his guest that the Taiwanese Government invite its businessmen to invest in El Salvador.

Yuan-zu replied that the Taiwanese Government and foreign ministry are studying the possibility of investing on a short-term basis in areas such as assembly plants, technology, and manufacturing.

Yuan-zu added that his government looks with interest on the visits made by Taiwanese executives. He hinted that they should also invest in agriculture.

Calderon said the good trade relations between the two countries could lead to joint work in the energy and marine exploitation areas.

Yesterday, in the second day of his official visit, Yuan-zu met with Legislative Assembly President Gloria Salguero Gross and Foreign Minister Ramon Gonzalez Giner.

Salvadoran Minister Cited on Trade Deficit With Mexico

PA1402223896 Mexico City NOTIMEX in Spanish 0035 GMT 13 Feb 96

[By Elder Gomez]

[FBIS Translated Text] San Salvador, 13 Feb (NOTIMEX) — Salvadoran Deputy Economy Minister Rene Leon disclosed today that the Central American trade deficit with Mexico surpasses $450 million, whereas in 1990, the deficit was $26 million.

"There is clearly a trade imbalance against the Central American countries that we would like to see disappear in time," Leon told NOTIMEX.

Leon explained that the increase in the trade deficit in recent years is due to the raising of non-tariff barriers "which undermine the effectiveness of the preferential rates the products might have."

Leon made it clear that these decisions often differ from the political will of high-ranking Mexican officials and generally consist of administrative barriers.

Leon recalled that Mexico concedes preferential tariff rates to Central American products through certain agreements, such as the "southern border strip" that limits the handling of free trade to a distance of 20 miles from its border.

In addition, there is an agreement with the Quintana Roo free trade zone which allows the entry of Central American products for a total value of $25,000," Leon indicated.

"The preferential schemes that we have negotiated with Mexico are designed to allow the application of non-tariff barriers which undermine the effectiveness of the preferential rates of some products," Leon reiterated.

"If we want to improve our situation of access to the Mexican market, if we want to erase the erratic behavior

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that Central American exports to Mexico have had in the last 25 to 30 years, we have to go through a process of free trade and investment," Leon added.

Leon said that Central America hopes that in the "Tuxtla Gutierrez II" meeting that will take place next Thursday and Friday in Costa Rica, Mexican President Ernesto Zedillo and the isthmian presidents will adopt "high level" political agreements regarding free trade.

"They intend to negotiate only one trade agreement," the Salvadoran official emphasized. Leon insisted that the presidents of the region will ask Mexico for the renewal of negotiations to create a free trade zone.

The presidents' meeting will take place in the Herradura Hotel, 120 km northeast of San Jose, with the participation of the presidents of Guatemala, Alvaro Arzu; El Salvador, Armando Calderon Sol; Honduras, Carlos Roberto Reina; and Mexico, Ernesto Zedillo.

The presidents of Nicaragua, Panama and Costa Rica, Violeta Chamorro, Ernesto Perez Balladares and Jose Maria Figueres, as well as the Prime Minister of Belize Manuel Esquivel, will also attend the meeting.

The meeting will be a follow-up of the first meeting held in Tuxtla Gutierrez, capital of the southern Mexican State of Chiapas, in 1991.

Guatemala

Guatemalan Vice President on 'Purge' in Armed Forces

PA1402163996 Guatemala City Televisiete Television in Spanish 1900 GMT 13 Feb 96

[From the "Channel Seven News" newscast]

[FBIS Translated Text] Vice President Luis Flores Asturias today ratified the government is prepared to purge the Armed Forces.

[Begin Flores recording] It is not that there is an order to purge the institution. What happens is that this is a process that has been initiated. The purge means that neither the president nor the vice president will shield anyone in the government who is found to have committed illegal actions. We are not going to protect anybody. We Guatemalans know that everybody has to help so that impunity and corruption do not persist in our country.

We believe it is important that if somebody is accused of maintaining the cloak of impunity, that person should clarify the situation. This is why some measures were adopted the way they were adopted. [end recording]

Guatemalan Government, URNG Issue Communique on Talks

PA1502022796 Guatemala City LA REPUBLICA in Spanish 13 Feb 96 p 11

[Joint communique by the Government of the Republic of Guatemala and the URNG General Command issued in Rome, Italy, on 12 February]

[FBIS Translated Text] In light of the proximity of the formal resumption of peace negotiations between the Guatemalan Government and the General Command of the URNG [Guatemalan National Revolutionary Unity], both parties have decided to make the following public:

1. That in December of 1995 and under the auspices of the Community of Saint Egidious, a direct and personal relationship was established between then candidate Alvaro Arzu and members of his political team and the General Command of the URNG, a relationship which has remained. The Community of Saint Egidious, an international Catholic association known for its contribution to peace processes in various areas and particularly for resolving the armed conflict in Mozambique, has endorsed the meeting between both parties in order to support the peace process in Guatemala.

2. The parties agreed that the dialogue between them should be held secretly, a point which has undoubtedly favored it. Both the Government of the Republic and the General Command of the URNG informed the United Nations of the dialogue, in a timely fashion, through Marrack Goulding, UN under secretary general, and Moderator Jean Arnault, who voiced their satisfaction with the development of this initiative.

3. These meetings were conceived from the beginning with the objective of creating favorable conditions for the development of peace negotiations, regardless of the result of the elections. Following the elections, the meetings continued as a frank, open political dialogue, without preestablished commitments or agendas, so as to allow a discussion on the respective conceptions, goals, and analyses of the national situation.

4. This political dialogue represents a complementary effort to the negotiations, and its fulfillment is in keeping with the provisions of the framework accord of January 1994, according to which the parties recognize "the convenience to resort to all measures leading to rapprochement and accords between them."

5. Five meetings have been held so far within the framework of this dialogue, and the parties are pleased to report that the same has been positive to create the atmosphere of confidence and goodwill that must prevail

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at the bargaining table. This will allow the parties to expedite the advancement toward accords that lay the foundations for a firm and lasting peace, reconciliation, and the participation of all Guatemalans in the immense and constructive effort to get the fatherland ahead.

6. Upon informing the national and international public of the above, the Government of the Republic and the General Command of the URNG express their political will to continue the dialogue in the established terms, with the good offices and invaluable support of the Group of Friendly Nations Supporting Negotiations, and express their recognition and gratitude to the Community of Sain Egidious for its work in facilitating and making this possible. Given in Rome on 12 February 1996.

By the Government of Guatemala

Rodolfo Mendoza Rosales

Gustavo Porras Castejon

By the General Command of the URNG

Commander Rolando Moran

Commander Pablo Monsanto

Guatemalan Report on Budget for Banking Superintendency

PA1502004996 Guatemala City PRENSA LIBRE in Spanish 13 Feb 96 p 72

[FBIS Translated Text] The Banking Superintendency's [SB] budget for 1996 stands at 59.6577 million quetzales, according to Resolution JM-458-95 of the Monetary Board, which has been in force since 8 February.

According to the report, the institution will receive 18.34 million quetzales in banking system contributions; 3.23 million quetzales from financing societies; 2.34 million quetzales from bonded warehouses; 8.31 million quetzales from insurance companies; 326,600 quetzales from bonding companies; 83,400 quetzales from stock brokers, and 26.99 million from the Bank of Guatemala.

The SB also announced that a 4.5 million quetzales budget for the Securities Commission was approved. Of this amount, 1,285,221 quetzales will be spent on personal services; 675,200 quetzales in nonpersonal services; 45,000 quetzales in materials and supplies; 121,724 quetzales for machinery and equipment; 2,149,011 quetzales in current account transfers; and 223,844 quetzales in general allocations (various expenses, local events and meetings, applicable credits).

The resolution includes the approval of the central banking budget for 207.1 million quetzales the institution will receive from commissions (18.42 million quetzales) and interest (188.67 million quetzales).

These funds will be used in applicable credits (14,387,874 quetzales); personal services (60,295,108 quetzales); nonpersonal services (29,255,532 quetzales); materials and supplies (7,615,456 quetzales); general allocations (1,618,214 quetzales). In addition, 86,531,700 quetzales are allocated to current account transfers and 7,396,916 quetzales to direct investment (machinery, furniture, and equipment).

Honduras

Honduran Protesters Block Highways for Wage Increases

PA1402163396 San Pedro Sula TIEMPO in Spanish 13 Feb 96 p 14

[FBIS Translated Text] The announced blocking of the highway at various points to pressure the government into raising salaries ended in disturbances provoked by vandals who joined the labor organizations' protests.

The blocking of highways, which started approximately at 0630, ended three hours later at the five points where representatives of several people's and peasant organizations stretched their banners and set tires on fire to block traffic.

The highway stretches blocked for three hours are located near the Jerusalem neighborhood and El Polvorin hill on the San Pedro Sula-La Lima freeway, the turnoff to Puerto Cortes near the Lopez Arellano highway, where the disturbances occurred, and Tegucigalpa and Choluteca.

On the highway to La Lima, the protest started at the foot of El Polvorin hill approximately at 0630, when the passage of buses and privately-owned cars was blocked. The vehicles tried to use an alternate road, but the demonstrators got ahead of them and also closed this road.

At the top of the 11 demands to the government and the private enterprise are an increase to the minimum wage and a general wage increase "considering that nearly two years have elapsed since the negotiations of a tripartite commission opened and a consensus has not been reached so far," a union leader said.

The organizations that participated in the blocking of the highways include CGT [General Federation of Workers], CUTCH [United Federation of Honduran Workers], CTH [Confederation of Honduran Workers], Fesitranh [Trade Union Federation of National Workers of Honduras], Cococh [Coordinating Council of Honduran Peasant Organizations], CNTC [National Federation of

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Rural Workers], Acan [National Peasants Association]. Representatives of several unions released a communique detailing the 11 demands.

CGT regional secretary Luis Ramirez said that, if a definitive agreement is not reached in the meeting to be held in Tegucigalpa at 1100, "there will be in the next few days more radical protests, such as a call for a general labor strike."

He continued to say that, during President Carlos Roberto Reina's two years of government, "this is the first time he receives the labor leaders for a dialogue."

The blocking of highways in this sector led to delays in local and international flights because passengers had to get off their cabs and walk nearly 1 km to the airport. Those aboard privately- owned vehicles were forced to go around the city to get to La Lima or San Pedro Sula.

The leaders of the protesters ordered the highways cleared at 1000 but the disturbances provoked by vandals in the Choloma assembly plants continued for a couple more hours, with a balance of six injured persons.

[According to a TIEMPO in Spanish news item datelined San Pedro Sula 13 February, labor leaders yesterday deplored the occupation of the San Pedro Sula-Puerto Cortes highway. The leaders deny any responsibility in the disorders saying they had begun after the leaders ordered the highways cleared at 1000. CGT Secretary General Ramirez says they blocked the highway to protest against the government, not against the private enterprises in the sector.]

Honduras: Hung Takes Over Armed Forces Command

96CA0115A San Jose LA NACION in Spanish 29 Jan 96

[Received via Internet]

[FBIS Translated Text] Honduras (ACAN-EFE)—With the new chief of the Honduran Armed Forces, General Mario Hung Pacheco, who assumed command on Saturday, one era is ending and another beginning in this Central American country's demilitarization process.

Hung Pacheco replaced General Luis Alonso Discua for a three-year term at a ceremony held at the General Francisco Morazan Military Academy on the outskirts of Tegucigalpa, attended by the president of the Republic, Carlos Roberto Reina.

A period of unprecedented changes in the role of the military in Honduran society ended with Discua. These changes, promoted by Reina and to be approved by the National Congress, are expected to result in the abolishment of the position of chief of the military establishment.

Consequently, Hung Pacheco may be the last chief of the Armed Forces, and the functions will be discharged by the defense minister, a heretofore figurehead position.

The Armed Forces governed Honduras from 1963 to 1980, except for a brief interval in 1972, and have their supreme decisionmaking body in the Superior Council, consisting of approximately 60 officers.

For the first time, the Honduran military are facing judicial proceedings for alleged human rights violations, because 14 of them have been charged in two cases of temporary disappearance.

Although they are claiming the benefit of amnesty decrees issued in 1987 and 1991, in favor of ex-leftist leaders, the Supreme Court ordered the trials against the members of the military to be continued, with the judge deciding whether or not they are covered by that exemption.

Discua was in office for five years, two during the term of General Arnulfo Cantarero, whom he overthrew in a 1990 barracks coup, and the other three upon his reelection, in 1993.

During Discua's last two years (the first two of Reina's four-year term, which is completed on Saturday), the Armed Forces had to make a shift in favor of the new winds blowing after the end of the Cold War.

The changes began with the conversion of compulsory military service, which was being supplied with youths recruited in genuine manhunts, into a voluntary system.

In 1994, the Armed Forces had to accept the closing of the National Directorate of Investigations, a secret police agency accused of torture and other human rights violations. On 23 January 1995 it was replaced by the Directorate of Criminal Investigation, subordinate to the Public Prosecutor's Office.

The Public Security Force, an adjunct of the Armed Forces since 1963, will go into civilian hands after the National Congress ratifies a constitutional amendment that it approved last year.

Reina also deprived the military of control over various state institutions that they had been managing since the 1970's, claiming reasons of "national security."

The Merchant Marine, the National Geographic Institute, the Directorates of Civil Aeronautics and Immigration, and the Honduran Telecommunications Enterprise are now in civilian hands.

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Discua remarked that, during this period, there were "difficult times, with tension, conflicting positions, and both positive and negative comments regarding this entire situation." However, he maintained that the Armed Forces have not been weakened by that.

He emphasized: "It was my idea to set up an institution in keeping with the country's democratization, and I think that, if I failed to achieve it, at least I tried."

Although Reina has not explained his reasons, both politicians and the military think that Discua's appointment as Honduras' alternate delegate to the United Nations Security Council is a "reward" for the openness that he allowed which made it possible to carry out the changes.

According to agencies defending human rights, Discua is seeking diplomatic immunity against imminent trials for his presumed implication in the disappearance of persons during the 1980's.

Hung Pacheco, for his part, although he rejects this description, is considered a "hardline" official, prompting certain political sectors to predict that the modernization and demilitarization process may be soft-pedaled under his command.

Reina himself admitted that Hung Pacheco read in his presence "a disrespectful document" addressed to him, during a stormy August 1994 session of the Armed Forces Superior Council at which military service was debated.

Hung Pacheco claimed to respect the judicial decision that ordered the judge to continue the proceedings against the military, and denied that the Armed Forces are protecting three members who have been fugitives for the past three months. However, he stressed that the institution is supporting them.

Honduras: SECPLAN Releases Poverty Figures

96CA0115B San Jose LA NACION in Spanish 31 Jan 96

[Received via Internet]

[FBIS Translated Text] Honduras (ACAN-EFE)—According to an official report released yesterday, Tuesday, in Tegucigalpa, of the 70 percent of Hondurans living in poverty, 54 percent are in a state of distress or extreme poverty.

The report, prepared by the Secretariat of Planning, Coordination, and Budget (SECPLAN), indicates that 60 percent of rural families have no sanitary services, 88 percent lack electric power, and nearly 50 percent are without drinking water.

Honduras is currently the poorest country in Latin America, ranked in 116th place among 174 countries in the United Nations' world classification of human development.

The SECPLAN minister, Guillermo Molina, claimed that the deterioration in the living conditions of Hondurans has worsened during the past five years, since the implementation of economic adjustment programs.

The official noted: "Maintaining a growing rate of development has proven virtually impossible for the Honduran economy, which has been harshly penalized by the mandatory structural adjustment measures."

He added that the lack of adequate basic services is compounded by the vegetative growth of the population which, according to United Nations data, is currently estimated at nearly three percent annually.

However, Molina emphasized that some gains have been posted, with a reduction in the infant mortality rate, though he did not specify a figure, and in that of illiteracy, which is 32 percent generally and 42 percent in the rural zones.

There has also been an improvement in life expectancy among Hondurans, which rose from 65.2 to 67.7 years.

The SECPLAN report indicates that 57 percent of preschool children and 35 percent of those in first grade have a deficit in their growth, because 63 percent of families suffer from malnutrition.

It adds that 60 percent of the economically active population have fewer than three years of schooling.

Honduras: Peasants Protest Economic Policy

96CA0115C San Jose LA NACION in Spanish 1 Feb 96

[Received via Internet]

[FBIS Translated Text] Honduras (ACAN-EFE)—Yesterday, Wednesday, in Honduras, the peasants of Central America threatened to undertake massive mobilizations if the area's presidents fail to implement a food policy within six months to benefit the majority of the region's inhabitants.

Wilson Campos, president of the Association of Central American Peasant Organizations for Cooperation and Development (ASOCODE), declared: "We are giving them (the rulers) until June to stop making speeches dissociated from reality, or otherwise we shall initiate joint mobilizations in the entire area."

In Tegucigalpa, approximately 150 delegates from Central America and Belize concluded ASOCODE's third

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congress, which lasted three days. During it, they charged that the economic situation of farm workers has had a setback, and that they are now worse off than during the 1980's.

The Costa Rican, Campos, noted that the governments in the area are not heeding "the fundamental problems" that contributed to the atmosphere of violence and tension experienced by the isthmus during the last decade.

The fact that 82 percent of the Central American population, totaling slightly over 30 million inhabitants, live in poverty is, in the view of ASOCODE, a reflection of the failure of the economic adjustment plans imposed by the international financial entities.

According to the organization, during 1995 Central America spent $1 billion on food purchases outside the region, buying products that could be harvested on the isthmus if the peasants had sufficient land and access to the necessary financing.

Campos remarked that, furthermore, about half of the grain production is exported, causing shortages on the local markets, and later ending in dependence on imports.

He specified that, at the peasant congress, two methods were proposed for seeking solutions to the present socioeconomic crisis: through the political will of the governments, or "through our right to protest and mobilize." Nevertheless, he claimed: "We are not threatening a rebellion." The leader maintained: "We are thoroughly familiar with peace, and we shall not lend ourselves to any more military games, because we have been used in those battles." The Honduran, Rafael Alegria, adviser of the National Federation of Rural Workers (CNTC), charged that the situation of Central American peasants "has been set back 15 years," and, therefore, "we are worse off than during the 1980's." He emphasized that this setback, occurring even though we are about to begin a new millennium, "is bizarre and ridiculous."

Honduras: IDB Grants $400 Million To Finance Projects

96CA0115D San Jose LA NACION in Spanish 31 Jan 96

[Received via Internet]

[FBIS Translated Text] Yesterday, Tuesday, Federico Alvarez, the representative of the Inter-American Development Bank (IDB) in the country, announced that this agency will grant Honduras $397 million during the current and following years for projects in various areas.

The official remarked that the most immediate disbursement, and one of the principal outlays, totaling $125 million, is for the state modernization program, calling for privatization, merger, and closing of government institutions, among other measures.

Within two weeks, a high-level IDB mission will come to Honduras to analyze with local officials the progress of that project, which also includes the layoff of approximately 6,000 public employees.

The World Bank, as well, will support the state modernization plan with $60 million.

Alvarez noted that the IDB has disbursements pending for projects in the electric power sector, in the agricultural area, for basic sanitation, and for improvement of the administration of justice.

He added that the agency will continue to finance the compensation programs created by Rafael Callejas' government in 1990, through the Honduran Social Investment Fund and the Family Allowance Program.

The financial agency will disburse $7 million for a legislative studies center in the National Congress.

According to the official, Honduras is one of the countries that has received the most financial aid from the IDB during the past few years.

This Central American country currently has a foreign debt of approximately $4.1 billion, including its public and private debts, and is preparing to negotiate the remission of 50 percent of the bilateral debt, totaling from $1.2 to $1.3 billion.

The IDB, the World Bank, and the International Monetary Fund approved the implementation of President Carlos Roberto Reina's economic adjustment plan, although trade union and political sectors point out that this program has worsened the living conditions of Hondurans.

Panama

Plan To Privatize Panamamian Ports Induces 'Controversy'

PA1002180996 Panama City LA PRENSA in Spanish 9 Feb 96 p 6A

[Report by Herasto Reyes]

[FBIS Translated Text] The idea of President Ernesto Perez Balladares' government to privatize Panamanian ports has engendered a lively controversy, with the participation of government officials, union leaders, businessmen, and university professors.

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The debate became heated when the U.S. corporation Bechtel Enterprises, the world's biggest construction company, submitted a proposal offering to pay $4 million to Panama for the concession to the ports of Cristobal and Balboa and the Trans-Isthmian Railroad.

The national port system brings in $22 million yearly in revenue. The Cristobal and Balboa ports at each end of the Canal bring in an average of $7 million a year, according to estimates made before September 1995, when the private port of Manzanillo started to operate.

An anonymous Panamanian business source, whose remarks were carried in LA PRENSA's 5 February issue, said he believes the Panamanian Government will disregard Bechtel's proposal.

According to the source, a commission made up of Planning Minister Guillermo Chapman, Finance Minister Olmedo Miranda, Commerce and Industries Minister Nitzia de Villarreal, National Port Authority director Hugo Torrijos, National Security Council director Gabriel Castro, and Inter-Oceanic Region Authority director Nicolas Ardito Barletta has met several times to discuss the matter. Most of the commission members, however, challenge and disagree with Bechtel's proposal. Only Villarreal and Ardito Barletta uphold it.

Ardito Barletta said that the integrated management concept included in Bechtel's proposal won him over. Bechtel's shareholders include George Shultz, former U.S. secretary of state and a friend of Ardito Barletta's.

The businessman who disagrees with the idea of granting a concession to Bechtel on the two ports and the railroad disputes the eventual monopoly control of the Canal ports. He thinks that putting the ports and the railroad in the hands of a single company, whichever it is, will lead to the monopoly of an activity of considerable importance for the country.

Another Angle on the Matter

In addition, and more from a political than economic angle, Julio Yao, university professor and international law and international relations expert, sees a relationship between the way the Tripartite Commission for the Study of Alternatives to the Panama Canal (created in September 1985 and made up of the United States, Japan, and Panama) was eliminated, and Bechtel's willingness to administer the Canal's terminal ports.

Bechtel, as it has been reported, is the world's biggest construction company, Yao says. "As such, it competed with Japanese enterprises in the Tripartite Commission. In April 1986, when the political crisis had not yet flared in Panama, the U.S. National Security Council approved a confidential memorandum according to which a decision had been made to destabilize the Panamanian Government to rule out, among other things, the possibility of Japanese enterprises controlling the Panama Canal," Yao said.

Secretary of State George Shultz, Defense Secretary Caspar Weinberger, President Ronald Reagan, and others participated in the U.S. National Security Council. "Therefore, Shultz and Weinberger were involved in drafting the memorandum. Both Shultz and Weinberger were and still are representatives and members of Bechtel's Board of Directors. Consequently, one of the main objectives of the U.S. intervention in Panama during the political crisis was to prevent Japan from exerting hegemony on the Canal after the Torrijos-Carter Treaties expire late in 1999," Yao went on.

Because the Canal's future had to be decided earlier by the Tripartite Commission, "the U.S. Government boycotted the commission's activities so the decisions on the alternatives could be delayed until a more favorable time for U.S. interests. The U.S. delegates did not meet or the U.S. Government did not select them."

"Until that time, Japan had enjoyed great influence with the Panamanian Government and Panama had great plans, not only in relation to the Canal, but regarding the country's economic development," Yao says. Then the United States invaded Panama.

Since then, Yao says, "Japan's influence has decreased significantly and its proposal for a sea-level canal (for which Japan had the money), was replaced by a U.S. Government proposal for a third set of locks."

From there, Guillermo Endara administration spokespersons have acknowledged, although too late, that serious differences arose in the commission between the United States and Japan. Therefore, Yao adds, "it is not by chance that now Bechtel's proposal is the one currently being taken into account by the government and that the other five or six have practically been rejected, including the Japanese plan. Simply, this is a result of the intervention and the invasion, and all of that was envisioned during the first week of April 1986."

On the other hand, according to Professor Yao, "the Japanese are the ones with the most global experience building megaprojects of international maritime interest (among which is the modernization of the Suez Canal). Instead, we are now finding that Bechtel's proposal is not even commercially viable for Panama, but on the contrary, is tremendously detrimental to our national interests because it is extremely favorable to Bechtel.

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How Does Bechtel Come In?

Since 17 February 1995, there had been talk about the launching of port projects for the Canal area when the APN [National Port Authority] and the ARI [Interoceanic Region Authority] jointly made an announcement with respect to "port development."

The ARI pointed out that the Taiwanese shipping company Evergreen was interested in building a container port in Coco Solo, Colon, while sometime around that same date, Bechtel had presented a proposal related to the use of Cristobal, Balboa, and the railroad.

One year later, on 6 January 1996, Bechtel Enterprises representatives delivered a feasibility study to the Panamanian authorities related to the operation of the ports of Cristobal and Balboa together with the Panama Railroad. According to Bechtel, the project would represent an investment of $620 million in its different phases and could transform Panama into an international container transshipment center.

In September 1995, during Perez Balladares' visit to the United States and the Far East, the government arrived at an agreement with Evergreen for the construction of a $120 million container port, according to information disclosed by Foreign Minister Gabriel Lewis Galindo.

During his 29 September tour report, delivered to the National Assembly, the foreign minister indicated that high-level meetings had been held while in the United States with Bechtel representatives Stephen Bechtel and George Schultz, who "agreed to prepare a proposal in 90 days that would specify the port center [centro-puerto] concept." The report was prepared and delivered, so now the Bechtel proposal is under consideration by the Panamanian officials responsible for determining the report's acceptability.

Lewis Galindo stated that Japan had expressed "its satisfaction with the reestablishment of the Trilateral Commission for the Study of Alternatives to the Panama Canal [CAS] and (stated) its willingness to take part (in it)."

The Government Must Evaluate

At the beginning of 1996, Jose Troyano, deputy minister of commerce and industry, made an announcement about the feasibility study for the privatization of the canal ports and the Panama Railroad. This project has been deemed viable as long as close to $620 million is invested.

The project's initial phase requires an investment of $210 million, according to estimates by Bechtel. Troyano contends that it is up to the government to evaluate the proposal.

Five other firms also presented proposals to take part in the port privatization, each one independent, without including the railroad. The difference in Bechtel's proposal lies in what they claim to be "an overall development plan" that includes the two ports and the railroad.

The study prepared by Bechtel cost $200,000 and was funded by the firm itself. Troyano disclosed that if awarded the project, Bechtel, on its own accord and at its own risk, will have to be responsible for the engineering, construction, renovation, operation, expansion, management, and marketing of the project.

The Panamanian Government, according to its privatization agenda, will have to arrive at a decision shortly but it would seem that some officials and ministers are unable to reach an agreement.

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Argentina

Argentine 'Source' on U.S. Secretary of State's Visit

PY1502025796 Buenos Aires TELAM in Spanish 2149 GMT 14 Feb 96

[FBIS Translated Text] Buenos Aires, 14 Feb (TELAM) — A Foreign Ministry source reported today that U.S. Secretary of State Warren Christopher will meet with Foreign Minister Guido Di Tella in Buenos Aires to analyze what the Argentine Patent Law encompasses and joint actions to fight drug trafficking, money laundering, and corruption in the continent.

"The Patent Law and the coordination of tasks to fight drug trafficking, money laundering, and corruption in the continent as was established in the Miami summit agreements are the most outstanding issues on both officials' agenda," the spokesman said.

The U.S. secretary of state will arrive in Buenos Aires at noon on 29 February, coming from Santiago, Chile. His visit is within the framework of a tour of Southern Cone countries that also includes Brazil.

Christopher will have a working meeting with Foreign Minister Guido Di Tella at the Foreign Ministry, and if Christopher's agenda permits it, he will meet with President Carlos Menem at Government House.

"The secretary will convey President Bill Clinton's greetings to President Menem. We are trying to arrange this meeting, but Christopher's agenda is quite full because on that date he will be returning to France," the diplomatic source said.

The spokesman denied that U.S. Ambassador James Cheek's protest before the Mendoza government over a bid involving hydrometric works with the participation of a U.S. company will be on Christopher's agenda.

"That issue is being handled at the provincial level and it is not part of the list of issues of bilateral interest," the spokesman emphasized.

Christopher will also express his country's interest in Argentina's participation in the former Yugoslavia's peace process through the dispatch of troops to Slovenia and in Haiti's normalization process through contributions to the country's institutional and economic recovery.

"Haiti requested the donation of the hospital that Argentina had installed in Mozambique, and the United States wants Argentine troops to cooperate with UN forces," the spokesman said.

"Argentina and the United States have signed the Rio de Janeiro Protocol to guarantee the peace between Ecuador and Peru. Therefore, this issue will also be discussed," the spokesman added.

"The officials will also analyze the signing of space and nuclear cooperation agreements for the development of joint activities in these areas, which reveals the level of confidence between both countries," the spokesman concluded.

IBM Rejects Report Requested by Argentine Judge

PY1402003496 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2259 GMT 12 Feb 96

[FBIS Translated Text] Buenos Aires, 12 Feb (NA) — IBM today rejected the report of experts on the informatics process of the Argentine National Bank [BNA] that was called for by Federal Judge Adolfo Bagnasco because the company believes the document has "conceptual defects and gross errors."

IBM has also questioned the people who drafted the report for Bagnasco, stressing the fact that they are two engineers "without sufficient experience in informatics in their curricula vitae."

Bagnasco charged two technicians from the University of Buenos Aires with drawing up a report on the informatics system that the BNA contracted from IBM.

The evaluation that was submitted to the judge states that the value of the contract for equipment and systems amounts to 130 million pesos, but the BNA accepted a figure or budget amounting to 250 million pesos.

IBM criticized the report of the experts because "it believes that the cost for the contracting of professional services was much lower than the real cost."

In addition, IBM believes that the investigation "demonstrates that there is a lack of knowledge regarding the market cost of professional services abroad; that it does not include the paying of taxes; that it envisions or estimates lower traveling expenses; that the contingency column, a reserve fund for eventualities, has not been taken into account; and that a clearly insufficient amount has been estimated for the managing of the project."

In a press release drafted in particularly harsh words, IBM states that "in addition to having committed procedural shortcomings, the report of the experts has been drafted on the basis of incomplete information on the project, and it lacks solidness in its methodology."

The press release adds that "the document contains gross conceptual errors that prove its authors do not have sufficient expertise in the area of informatics and that they have a profound lack of knowledge of the BNA."

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The company states that the work of the experts "was limited to the inspection of the documents that are in the hands of the court; it viewed as irrelevant consulting IBM, BNA, and the consulting firm which drafted the specifications, experts concerning the details of the project, despite the fact that those enterprises spent thousands of hours working on its design and/or implementation."

Argentina's UIA Says Brazil 'Violating' Mercosur Accord

PY1502011396 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1058 GMT 10 Feb 96

[FBIS Translated Text] Buenos Aires, 10 Feb (NA) — The Argentine Industrial Union (UIA) has accused the Brazilian Government of "violating" Mercosur [Common Market of the South] agreements with its decision to impose a tariff reduction benefiting Brazilian manufacturers.

The UIA said the Argentine Government must "obtain the cancellation of those reductions," resorting, if necessary, to the mechanisms contemplated in the Asuncion Treaty.

Brazil decided, with the consent of the Argentine Government, to reduce tariffs on imports of automobile components and materials and spare parts in order to permit its exporters to reduce the production costs of their exports.

The UIA repeated its "concern" to the Economy Ministry regarding the automobile agreement signed with Brazil and warned that it "hurts" Argentine and other Mercosur member countries' manufacturers.

The industrialists sent a letter to Economy Minister Domingo Cavallo criticizing Argentina's acceptance of the reduction in the so-called common external tariff that was decided upon by Brazil.

In practice the system operates as follows: Argentine manufacturers import raw materials paying the common external tariff established by the four Mercosur member countries. However, Brazilian manufacturers, from the date of implementation of the change in the rules of the game decided by Brazil, will be able to import those raw materials with a tariff reduction of up to 90 percent.

This reduction will give Brazilian manufacturers a competitive advantage vis-a-vis Argentine, Uruguayan, and Paraguayan manufacturers. They, therefore, will be able to offer their products abroad at better prices.

The new Brazilian regime establishes common external tariff "reduction" of up to 90 percent, although making clear that importers could not pay less than a 2 percent tariff.

The Brazilian tariff reduction affects raw materials and spare parts for automobiles, tractors, car bodies, auto parts, and agricultural and road maintenance machinery, but only for the production of export products.

The UIA considers that with the change, Brazil "opens a hole" in the common external tariff and violates common market agreements.

Industrialists pointed this fact out to Cavallo with capital letters: The Brazilian automobile regime opens a hole in the Common External Tariff of an important number of products, hurting manufacturers in the other member countries."

Manufacturers also warned that the Brazilian regime "creates cost structures that favor Brazilian producers in the industries mentioned above as a consequence of the tariff reductions on raw materials and parts."

The UIA says that the decision "creates differences within Mercosur that conspire against the spirit of the Asuncion Treaty, generating distortions in the competitiveness of the Argentine manufactures involved."

The letter to Cavallo signed by UIA President Jorge Blanco Villegas and Secretary Diego Videla points out that the "incentives resulting from these reductions are also incompatible with the rules of the WTO."

Argentine President's List of 1996 Trips Announced

PY1402133296 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1814 GMT 11 Feb 96

[FBIS Translated Text] Buenos Aires, 11 Feb (NA) — President Carlos Menem's trips abroad during the next six months include another visit to Europe — the third — to ratify the agreement signed between Mercosur [Common Market of the South] and the EU, as well as trips to France, Panama, El Salvador, Honduras, and Bolivia.

In addition to these trips there could be another that would be the most important one of the year but which has still not been confirmed: The president's visit to London to sign, together with high-ranking British authorities, a bilateral fisheries agreement for the South Atlantic zone.

Government House sources told NOTICIAS ARGENTINAS that Menem has decided against another trip, initially scheduled for March, to Brazil where the so-called "Freedom Forum" [Foro de la Libertad] will be held. He has been invited by Brazilian President Cardoso.

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After returning from Davos, Switzerland, where he participated in the Economic Forum, Menem will make another official visit to France on 26 February. This will be his second trip abroad this year.

Menem visited France in February 1992, when he met with late President Francois Mitterrand.

While in France, the Argentine president will meet with French President Jacques Chirac and will be awarded the medal of the Sorbonne Chancery [Medalla de la Cancilleria de la Sorbona] and of the Paris universities.

The official agenda states that Menem will be decorated in the amphitheater of the University of Sorbonne. Some 1,200 political and cultural personalities are expected to attend the ceremony.

Mikhail Gorbachev, former premier of the former Soviet Union, Queen Elizabeth II of Great Britain, and Queen Margrethe II of Denmark are among the personalities who have received this medal.

The Government House agenda states that Menem will tour Central America in early May. This trip will include Panama, El Salvador, and Honduras.

The trip will start on 4 May in Panama, where, the Argentine chief of state will reportedly meet with his Panamanian counterpart, Ernesto Perez Balladares, with whom he will "strengthen diplomatic, commercial, and cultural ties."

Panama and Argentina have signed various mutual cooperation agreements in the education, scientific, and cultural fields.

After visiting Central America, Menem will go to Bolivia where he will also step up bilateral relations with the neighboring country.

One of the most important visits scheduled for this year is Menem's trip to Brussels for the ratification of the agreement that was signed by Mercosur (Argentina, Brazil, Paraguay, and Uruguay) and the EU on 15 December 1995 in Madrid.

Although Menem will almost likely be in Brussels for this event, it has still not been officially confirmed by Government House.

Argentine Financing Under Secretary Interviewed on Debt

PY1402203496 Buenos Aires CLARIN in Spanish 28 Jan 96 Economic Section p 1

[Interview with Financing Under Secretary Joaquin Cottani by Laura Chemi and Jorge Figueroa; place and date not given]

[FBIS Translated Text] [CLARIN] Why is the foreign debt increasing?

[Cottani] The debt could increase for reasons that might be attributed to past periods, past administrations, or other factors. The debt increases, for instance, when the country contracts loans for the provinces, such as in the case of the Fiduciary Fund. Besides, there are components that have nothing to do with the administration, like foreign exchange differences, for instance.

[CLARIN] But the debt has increased since 1989, has it not?

[Cottani] No. If you measure it well, it dropped. What happens is that the floating debt is very destabilizing because it is redeemable: A court decision could force the government to pay much more than it anticipated, for instance. The only way to abide by a court order quickly would be by issuing money, but that could cause a hyperinflationary explosion. What was done to put order into the debt situation can only improve the situation.

[CLARIN] However, some private studies and opposition parties assert that the debt increased by almost 50 percent.

[Cottani] First of all, it is not the amount of the debt that matters, but whether there were commitments that were not in papers. What is important is to know the amount of the total debt, the length of the maturity periods, and the interest rates. No matter how pessimistic you might be, there is only one conclusion: The state solvency has improved.

[CLARIN] Do we have a financial program for the $11 billion that we must pay during 1996?

[Cottani] We must pay $4.5 billion in interest and $6.5 billion on the debt principal. We think we will be able to pay the interest with the treasury surplus and we will have to find financing for what is due on the principal. We anticipate that we will get $1.2 billion from privatizations and another $1 billion from international organizations. We will look for the remaining $4.3 billion in money markets.

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[CLARIN] Is it not too optimistic to think in terms of a primary surplus of $4.5 billion?

[Cottani] It is too early to say. We act based on certain assumptions and if we detect variations we introduce corrections.

[CLARIN] Will markets be interested in loaning $4.5 billion to Argentina?

[Cottani] Last year, with the Tequilla Effect still fully in force, we obtained $4 billion in voluntary financing. The problem in 1996 it is not as big. We trust we will be able to solve it without problems.

[CLARIN] What strategy will you use?

[Cottani] Last year, in most cases we resorted to the international market. In 1996 we want to obtain financing from local sources. We want to explore the titles market and issue bonds with maturity periods of up to one year. It is not that we really need these resources now, but we know that we will need them as of 1997.

[CLARIN] Argentina has a low domestic savings rate. Will this factor limit our capacity to obtain credit?

[Cottani] The savings rate in 1990 was close to 14 percent while today it is about 18 percent. It is still low if we compare this rate with those of the Asian tigers, but it is growing. When you are efficient, you do not need to save at a rate of 30 percent to grow by an average of 5 percent.

[CLARIN] International interest rates are dropping. Will the government resist the temptation of contracting more debts than what is appropriate?

[Cottani] The danger would be to spend more, particularly if the spending is unproductive. That is the only case when you must fear indebtedness. The availability of money could cause a lack of discipline in spending, but we are far from a situation of this type.

Former Argentine Minister Beliz Registers Party

PY1502001296 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1543 GMT 12 Feb 96

[FBIS Translated Text] Buenos Aires, 12 Feb (NA) — Former Interior Minister Gustavo Beliz, after requesting the registration of his political party "New Leadership," said today that he is convinced that he will be the next metropolitan mayor.

"I am going to be the next mayor of the city of Buenos Aires. On 30 June an avalanche of Justicialist Party followers will vote for me," the former minister said at the court entrance.

He has still not decided who his running mate will be, but he allowed that "he will be a prestigious person."

Beliz stepped into the court of Maria Servini de Cubria around 1030 "to fulfill all the requisites required by law for the recognition of his party," stressing that in 20 days his followers obtained "6,600 signatures in support of his cause."

Asked whether his party would lean to the center-right, Beliz said that his party will focus "on the rights and interests of city inhabitants," because "we will seek to solve the problems affecting citizens' everyday life."

At the Federal Court headed by Judge Servini de Cubria — who is in the United States in connection with the Prats case [involving a Chilean general assassinated in Argentina] — Beliz deposited the documents that include a list of the 6,600 signatures of citizens who support his group.

The documents also included an application for the legal recognition of New Leadership as a district party, the act of foundation and constitution of the political party with its declaration of principles, the program or bases for political action, and the party's organic charter.

Bolivia

Bolivian Minister Explains Recent Visit to Washington

PY1402212196 La Paz PRESENCIA in Spanish 3 Feb 96 p 7

[FBIS Translated Text] Government Minister Carlos Sanchez Berzain stressed on 2 February that the United States will restore its aid for Bolivia's balance of payments, but it is subject to U.S. congressional approval of the budget.

Sanchez stayed in Washington for four days to meet with U.S. antidrug authorities in an attempt to convince that country to restore its aid for the Bolivian balance of payments. A part of this aid will be used in the fight against drug trafficking.

Sanchez expressed his satisfaction regarding his talks in the U.S. capital, and he stated that he had asked the U.S. Government for initial cooperation amounting to $15 million, and that there is a possibility that this aid will be received after the approval of the U.S. budget.

"We have received an answer that indicates the U.S. Administration has decided to support (the Bolivian balance of payments) and that they are only waiting for the budget to be approved by the U.S. Congress," Sanchez said.

He announced that during the next few weeks the Bolivian Government will receive information about the

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outlay that the United States will make for the national balance of payments.

During his stay in Washington, Sanchez met with Robert Gelbard, assistant secretary for international narcotics matters, and Alexander Watson, assistant secretary for inter-American affairs.

He also met with Benjamin Gilman, chairman of the U.S. House of Representatives International Relations Committee; Thomas Constantine, community relations service administrator of the DEA; and Cesar Gaviria, secretary general of the OAS, according to information released by the Government Ministry.

Sanchez insisted that Bolivia, in the eyes of the United States, "has recovered its credibility" in the fight against drug trafficking, and that the two countries are working in an alliance against drug trafficking with an eye to improving that task.

"We have established that the two parties, Bolivia and the United States, are satisfied with regard to what has been done in this matter during 1995," the minister said. He added that the North Americans are certain the country has carried out its task of fighting drug trafficking and that it has met the expectations of the United States.

The minister stressed that during his meetings with antidrug authorities in the U.S. capital, it was determined that the 5,500 hectares of coca plantations that were eradicated during 1995 would have produced 42 tons of cocaine that could have reached U.S. territory.

He also mentioned that during his talks he brought up the subject of the political side of the antidrug fight and a conclusion was arrived at regarding the appropriateness of reducing the production of the cocaine base through Bolivian laws. Moreover, he stressed that the amount of money the state uses for that task "is not very great when compared to the benefits the world will obtain through this task."

During 1996 the government will try to surpass the goal of 5,600 hectares of excess coca plantation eradication that was achieved in 1995, and it is now a question of undertaking the task of setting an exact amount, the minister said.

On announcing that the United States will restore its aid for the balance of payments, Gonzalez also expressed his optimism regarding the fact that it is hoped more excess coca plantations will be eradicated this year than last year, but he stressed that the United States had placed no conditions on that aid.

Referring to the eradication of coca plantations in the Chapare, Gonzalez said that "at this time there are no conditions. Bolivia has submitted a document that indicates it complies with its laws and with its international commitments."

The minister strengthened his assertions when he added that the eradication and compliance with the eradication goals suggested to Bolivia by the United States are conditioned upon the aid that that country grants for the balance of payments.

Sanchez reported that he was able to secure some $47 million for alternative development during his stay in Washington, and that both Bolivia and the United States are trying to improve the work in the Chapare.

Moreover, he insisted on stressing that the motive of his trip to the United States was to attempt to convince the latter to restore its aid for the balance of payments. This objective was achieved satisfactorily, according to the minister's explanation.

The minister stressed that during his stay in the United States he had no contact with CIA Director John Deutch, and that he only met with him during the protocol visit Deutch made to Bolivia on 19 January.

Opposition politicians have stressed that Deutch's visit to Bolivia was not a protocol visit and that it was made with the intention of defining the militarization of the Chapare and the forceful eradication of coca plantations.

Bolivia, Japan Sign Reversal Notes on Debt, Ties

PY1402223496 La Paz LA RAZON in Spanish 30 Jan 96 p B5

[FBIS Translated Text] Foreign Minister Antonio Aranibar and Japanese Ambassador to Bolivia Michisuke Tateyama signed, on 29 January, two reversal notes that deal with the restructuring of Bolivia's official debt with the Foreign Economic Cooperation Fund of Japan and the trade debt with the Paris Club V.

The sum to be negotiated with Japan amounts to 14 billion yen, the equivalent to $153 million, of which $104 million pertains to the concessional trade debt, $27 million to the trade debt with the Japanese Government, and $22 million to 1995's arrears.

According to the reversal notes, the advantage of the negotiations within the framework of the Paris Club V is to be found in a reduction of the servicing of the foreign debt, thus reducing the pressure on the General Treasury (TGN) and on the country's net international reserves.

Tateyama indicated that his country will continue to cooperate with Bolivia by giving priority to social development, medical attention, waterworks, sanitation,

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and the environment in order to benefit the country's poorer sectors.

"Our only concern is the negative influence capitalization and decentralization will have on the normal progress of the cooperation projects due to changes in management," Tateyama said.

"I believe that the Bolivian Government will take the necessary coordinating steps to prevent negative effects and thus guarantee the efficient implementation of the projects, in this way laying solid foundations for effective and fruitful cooperation between Japan and Bolivia," he added.

Aranibar stated that the bilateral financial support given to Bolivia by the Japanese Government is used for economic development projects that directly help the progress and social welfare of the Bolivian population.

Bolivia Assumes Rio Group Pro-Tempore Presidency

PY1402181196 La Paz PRESENCIA in Spanish 23 Jan 96 p 7

[FBIS Translated Excerpt] Bolivia assumed the Rio Group 1996 pro-tempore presidency on 22 January with the commitment to promote joint actions to combat drug trafficking and poverty, and to encourage business initiatives. The Rio Group is the most important coordination and consultative organization for the countries of the Americas.

Assuming the pro-tempore presidency from Ecuadoran counterpart Galo Leoro, Foreign Minister Antonio Aranibar said the Rio Group should promote the establishment of a multilateral drug enforcement system by convening a new world conference on drugs in 1997.

Delegations from Brazil, Ecuador, and Paraguay attended the ceremony, which took place at the Foreign Ministry yesterday. Bolivia will organize meetings of coordinators, foreign ministers of the region, EU and Rio Group foreign ministers, as well as the Rio Group presidential summit in Cochabamba and the summit of the Americas in the City of Santa Cruz.

Aranibar said: "We must implement the decision of the Declaration of Quito to set up a task force comprising the foreign ministers of Argentina, Bolivia, Mexico, Brazil, Panama, Peru, Uruguay, and Paraguay to keep the Rio Group informed about drug trafficking."

Commenting on the challenge entailed in assuming the Rio Group Secretariat, the Bolivian foreign minister said: "The assumption of the Rio Group Pro-Tempore Secretariat has a special meaning for my country. The responsibility of coordinating the Rio Group agenda, which must be done concurrently with the organization of the Sustainable Development Summit of the Americas, will decisively contribute to a greater interrelation of political, economic, regional, and hemispheric policies."

The Ecuadoran foreign minister underscored that last year the Rio Group designed a new strategy to further bilateral relations with the EU and created a climate of dialogue with new countries like India and the Philippines.

Leoro pointed out that contacts were resumed with Russia, the Gulf Cooperation Council, and Canada.

The Ecuadoran diplomat referred to the central objective of the Rio Group: "The primary objective is democracy, which constitutes the very foundation of this organization. All governments, whether inside or outside the region, now acknowledge the role of the preservation and consolidation of democratic systems of governments — which includes respect for human rights." [passage omitted]

Bolivian Deputies 'Stripped' of Parliamentary Immunity

PY1402133096 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 13 Feb 96

[FBIS Translated Text] On the evening of 12 February, the Bolivian Chamber of Deputies modified a controversial resolution — which had been passed on 8 February with the concurrence of two-thirds of the house — and suspended 10 deputies so they may defend themselves before the Attorney General's Office in the emoluments scandal case.

The Chamber of Deputies resolution states — quote — the Honorable Chamber of Deputies hereby resolves:

1) Pursuant to Article 52 of the Constitution, the following deputies are suspended and stripped of their parliamentary immunity so they can be subjected to a court investigation concerning the legality of their seniority assessment: Elias Asbun [MNR, National Revolutionary Movement], Guido Roca [ADN, National Democratic Action], Morgan Lopez [MIR, Movement of the Revolutionary Left], Michael Meier [Finkelstein] [UCS, Solidarity Civic Union], Juan [Antonio] Malki [Zalaquet] [UCS], Fernando Bowles [UCS], Bolivar Carvalho [Suarez] [MUP, Patriotic Unity Movement], Luis Monasterios [UCS], Laureano Rojas [MNR], Joaquin Davila [MNR].

2) To remit to the attorney general today all documents and records drawn up by the Special Committee appointed by the Chamber of Deputies pursuant to

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a Chamber of Deputies resolution issued on 29 January 1996 — which confirmed irregularities in the assessment of 22 national representatives' seniority — so the attorney general may act in consequence pursuant to law.

Pastor Velazquez from the MBL [Free Bolivia Movement] was deleted from the list because he has already been suspended, as was Hector Cartagena from the UCS because he is the mayor of Quillacollo, Cochabamba. The 10 other deputies implicated in this affair are not included in the resolution because they made the irrevocable decision of resigning from office.

Bolivian General Named 1997 ADN Presidential Candidate

PY1402155096 La Paz LA RAZON in Spanish 29 Jan 96 p A2

[FBIS Translated Excerpt] Retired General Hugo Banzer Suarez, ADN [Nationalist Democratic Action] chairman and founder, yesterday in Cochabamba was proclaimed candidate for the presidency of the Republic for 1997 at the end of the National Conference of ADN leaders summoned to discuss the current situation in Bolivia and partisan issues.

Although the 104 national, departmental, and provincial leaders attending the conference in Cochabamba on 26-28 January allegedly were not going to proclaim Banzer during this meeting, they did so because they believe the country now needs some hope and, therefore, with a standing ovation asked him to be their candidate for the 1997 elections.

Without hesitation, Banzer agreed to "participate in the 1997 elections," and asked his wife to accompany him during his electoral campaign. He urged ADN leaders "to implement a collective effort to open the party to society and to prepare its cadres in a disciplined manner."

The ceremony during which Banzer was proclaimed was not only attended by ADN leaders, but also of the Christian Democratic Party (PDC) who joined the event. They pointed out that this decision will be "ratified" within the framework of the ADN-PDC alliance during a special meeting. [passage omitted]

Brazil

Brazil Aeronautics Ministry Lacking Money for Sivam

PY1502011096 Sao Paulo FOLHA DE SAO PAULO in Portuguese 12 Feb 96 Section 1 p 6

[Article by Lucas Figueiredo]

[FBIS Translated Text] The military officers who are linked to the Amazon Region Surveillance System (Sivam) project already deem it certain that the Senate will approve the project. Now, however, begins another battle: To obtain money to purchase fuel for the 12 planes that will be purchased for the project.

According to Aeronautics Ministry officers, this year's budget of 31 million reals [R] for the purchase of fuel and lubricants is insufficient to fill the tanks of the 850 planes the ministry currently has in its possession.

The $1.4-billion loan contemplated for Sivam ensures only the implementation of the system. Its operation, however, will be financed with resources from the federal government budget.

The amount earmarked for the Aeronautics Ministry is too little and, according to Ministry sources, is causing them concern.

The Aeronautics Ministry deems the resources earmarked for the purchase of fuel this year insufficient, because the ministry plans to implement an effort envisioning or estimating 165,000 hours of flying time.

According to the Aeronautics Ministry, successive reductions in budget allocations have been affecting the ministry as a whole. The constant need to postpone goals is deemed reason for concern because the area's needs are increasing and accumulating, thus making it more and more difficult to achieve goals.

The ministry avoids commenting about a possible shortage of fuel for the Sivam planes.

It asserts, however, that if the budget limitations persist, the amount of flying time will have to be reduced in accordance with criteria to be adopted on the basis of the type of flight or mission to be carried out.

The Sivam planes will compete with other aircraft for a position on the ministry's list of priorities. One of the areas deemed more important is that of air safety, which has established a minimum amount of flying time deemed acceptable.

According to the Aeronautics Ministry, the lack of resources causes a reduction in flight hours and this results in reducing the number of training hours, delaying the

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schedule for purchasing parts and weapons, and reducing the aircraft modernization pace.

More Resources

The Strategic Affairs Secretariat admits that the amount currently earmarked for aircraft fuel is insufficient, but believes that in the future the resources to be allocated to the Armed Forces will increase.

The 12 Sivam planes (eight Brazilian-made, Brasilia model planes; and four British ones) will be used in various tasks.

One of these will be to monitor the movement of planes flying in the national air space illegally. This will be done through special radars. Another task will be to test the functioning of the Sivam equipment.

Brazilian Senators Criticize Government 'Pressure'

PY1502010896 Rio de Janeiro JORNAL DO BRASIL in Portuguese 13 Feb 96 p 3

[FBIS Translated Text] Brasilia — The government has been exerting pressure on the Senate for the approval, before 29 February, of the amendment that establishes the Fiscal Stabilization Fund (FEF) and authorizes the U.S. Eximbank loan that will finance the Amazon Region Surveillance System (Sivam). On 12 February, the senators denounced and repudiated, on the Senate floor, the investigations being conducted by the Federal Revenue, the Central Bank, and the Federal Police, which — according to them — are being used as an instrument to exert political pressure.

Senators Pedro Simon (PMDB-RS) [Brazilian Democratic Movement Party-Rio Grande do Sul] and Osmar Dias (PSDB-PR) [Brazilian Social Democracy Party-Parana] have threatened to present on 13 February a request for postponement of the voting on Sivam until the Federal Revenue releases the list of senators who are being investigated. It was suspected that the Revenue Office had been investigating the reasons for the wealth of Senator Gilberto Miranda (PMDB-AM) [PMDB-Amazonas]. Miranda has been the Sivam project rapporteur and then began to harshly criticize it. A movement against the other investigations allegedly being conducted by the government began in the Senate on 12 February.

In Osmar Dias' opinion, it was "too much of a coincidence" that the Sivam rapporteur became silent during the last stage preceding the Senate's decision on the project, right after being investigated by the Federal Revenue. The project will be voted on in the Senate's super committee today. This super committee was created last year to investigate possible irregularities in the project, after the scandal involving the tapping of Ambassador Julio Cesar Gomes' home phone took place.

Visibly moved, Elcio Alvares (PFL-ES) [Liberal Front Party-Espirito Santo], who is the government leader in the Senate, said that President Fernando Henrique Cardoso "would never use unethical instruments against the senators." He said: "The president would never use this sort of method to force the rapporteur to vote in favor of the project." He said that Miranda "is perhaps being investigated by the Revenue Office, but not on the president's orders." During the coffee break in the Senate, Miranda asked the government leader to take measures: "Twenty enterprises have been investigated on the same day and at the same time in order to check on their links with me." He added that he is under police protection due to death threats he has been receiving and that, as a result, he has already sent his daughters and wife abroad. After listening to him, Alvares went straight to Planalto Palace.

According to Miranda, several senators are being investigated, including Jader Barbalho (PMDB-PA) [PMDB-Para], who is his party's leader. He said Barbalho was being charged with irregular deals in the Amazon Region Bank. In the evening, during a meeting at Planalto Palace with President Cardoso and the other government leaders, Barbalho said that the PMDB will support the Sivam project. He added that Federal Revenue Secretary Everardo Maciel should be dismissed if it is proven that senators are being investigated as a way of exerting pressure on them.

The list of senators allegedly also included Ramez Tebet (PMDB-MS) [PMDB-Mato Grosso do Sul], who is currently Sivam rapporteur, and deputy rapporteur Geraldo Mello (PSDB-RN) [PSDB-Rio Grande do Norte], who is on the list of Bank of Brazil debtors. Tebet said: "They can investigate me as much as they want; I have nothing to hide."

The PMDB threatened to upset things on the Senate floor. "This could have bad results for the government because the senators who feel pressed will make a point of showing that they have no guilt," Simon warned. He asked: "Why is the government investigating Miranda only now, right at the moment of the vote on the rapporteur's report?"

On 13 February, Alvares will address the other senators to defend the Sivam project and refute, item per item, criticism of it by the Brazilian Society for Scientific Development and by Miranda. The government determined that all senators who support the project should speak from the Senate podium.

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Voting on rapporteur Ramez Tebet's report in favor of replacing ESCA [Automation and Control Systems Engineering] with the Aeronautics Ministry will take place on the Senate floor at 1000 on 13 February. The 59 senators of the foreign affairs, economic affairs, and finance committees that comprise the Sivam supercommittee will vote on the report separately. In each committee, the report will have to be approved in accordance with the majority plus one vote system. The report will not be voted on on the Senate floor if it is rejected in the three aforementioned committees. Alvares concluded: "We are sure that the report will be approved."

Federal Revenue Secretary Everardo Maciel said on 12 February that he did not receive any Planalto Palace recommendation to investigate Gilberto Miranda's enterprises. He did not want to reveal, however, whether the Revenue Office is investigating the senator or not, but he asserted that Miranda has the profile "of a tax payer who needs to be investigated."

The Manaus office of the Federal Revenue has confirmed that in the last two weeks six Revenue Office inspectors have been conducting a fiscal audit of all of Miranda's enterprises, which are located in the Manaus Free Zone. According to a high-ranking Revenue Office official, "this is being done on orders from above."

At the request of the government leaders, 12 senators signed on 12 February a document withdrawing their names from the two amendments that were to be presented for the first round of voting on the FEF, which will be held in the afternoon of 13 February. From the 30 names originally at the bottom of these two amendments, only 18 remain. This number is much lower than the 27 required to have an issue examined on the Senate floor. This maneuver facilitates approval of the FEF.

Brazil Commentary Views Results of Cardoso Trips

PY1302155296 Rio de Janeiro JORNAL DO BRASIL in Portuguese 4 Feb 96 p 2

[Commentary from the "Political Issues" column by Dora Kramer: "Fernando Henrique Cardoso Makes Brazil Look Into the Future"]

[FBIS Translated Text] To demand from Fernando Henrique Cardoso immediate and concrete results following each of his trips abroad shows how little is understood of the reasons behind his constant trips, which follow a policy the president adopted the day he was installed and will continue until his last day in office. There is more than a certain government style behind all that.

It is a very well designed way to lead Brazil to the position of leading not only the Third World, but the whole of South America. This will be done through partnerships established in all continents without exception. It is a way of moving from the smallest room in the backyard to the main room in the house, but without the inhibitions and embarrassment so typical of those who feel inferior. This is why the administration wants Brazil on the UN Security Council. It is a matter of international clout and protagonism.

Fernando Henrique Cardoso fights on various fronts. On the first front he is recovering time lost under previous administrations that stimulated the Brazilian tendency to isolation, which sought a type of development that consisted of looking only within the country; which had a vision of national realities that was, at the same time, self-sufficient and related to the backwoods; which stimulated the idea that it is enough for a country to be satisfied for having an enormous territory and to believe that some day the giant will awake [reference to national anthem lyrics]; and that maintained it is enough for a country to be convinced that charm, cunning, and cleverness are sufficient to create a people superior to foreigners who lack flexibility and malice.

This tremendous nonsense makes Brazilians react indignantly when traveling abroad, when they realize that other societies know nothing about us and that their newspapers give little or no importance to what happens here. This is a two-way reaction because, if we compare the interest the Spanish-speaking countries of South America have for one another, we realize that Brazil simply knows nothing about what is happening in neighboring countries.

This is the second front Fernando Henrique Cardoso is attacking: The dispute with Argentina for leadership of the continent. Itamaraty does not like to hear about the issue. Brazilian Ambassador to Buenos Aires Marcos Azambuja reacted strongly to a commentary published in GAZETA MERCANTIL stating that [Argentine President] Carlos Menem is conducting a worldwide campaign to obtain this leadership, and that this strategy sometimes consists of making negative comments about Brazil.

It is the Foreign Ministry's duty to deny such a thing, but the comments were made by an important Brazilian ambassador, whose opinion is confirmed by Planalto Palace. "Everywhere Cardoso goes, Menem has already visited or is about to," said a presidential adviser. This means we must not only fight for this leadership immediately, but also use great skill in making Brazil show its possibilities to the world without creating friction in the traditionally delicate relations that bind us to Argentina.

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The international itinerary President Cardoso chooses does not always make sense at once. His trip to India was seen with bad eyes even by important members of his cabinet. They all decided to accompany the president to Japan in March. This visit is already being considered the most important presidential trip in terms of businesses results. Well, it may prove to be so, yet...

On his trip to India, however, the president added one more visit to the Asian tour which began with the PRC and Malaysia, and will end with Japan. If there is someone who still has not realized the significance of this part of the world for the future of mankind, the heads of governments and entrepreneurs attending the 26th World Economic Forum in Davos, Switzerland, will carefully explain it.

From this forum derived the conclusion that Asia will be the world's "economic sensation" through the start of the next century. Those attending the meeting have chosen the countries they think would have the greatest economic growth until the year 2000. The PRC received most votes: It was followed by Japan, the ROK, and other Asia "tigers"; and only then came the United States and South America. India is not included among this economic elite, but it is politically fundamental for Brazil to turn its attention to that country. It has 900 million inhabitants and a middle class equivalent to the population of Brazil — 150 million people.

These are objective reasons that fully justify the policy of expanding horizons and of reestablishing relations that have worn away due to the isolationist policy that guided us for so many years. This is the case of our relations with France. President Cardoso will visit that country in May, with the well-defined objective of establishing partnerships, a trend that has been dwindling since the 1980's.

In the same trip he will visit Istanbul, Turkey, where the international conference on the Habitat will take place. Brazil will be the star of the conference because, after all, we have a city that is cited worldwide as an example of positive urban solution: Curitiba, which headquartered in 1995 the preliminary conference on the Habitat. In Brazil we do not grant these issues their due importance under the excuse of having more serious problems, such as hunger and misery, to resolve.

It may be that as a result of President Cardoso's presence at the conference, Brazil will pay more attention to the significance of good urban solutions. On this same tour, President Cardoso will include Lisbon, where he will sign an agreement among Portuguese-speaking countries. This agreement will confirm our identity.

Before that, during the Carnival holidays, Cardoso will visit Mexico, a country of undeniable importance in the northern part of the American Continent. No matter how little he achieves there, it will be much more than letting himself be photographed on Marques de Sapucai Avenue [in Rio de Janeiro where the samba schools parade during Carnival celebrations]. As we all know, anything can happen there.

Brazil To Design National Drug Enforcement Policy

PY1402135196 Sao Paulo AGENCIA ESTADO in Portuguese 2309 GMT 13 Feb 96

[Report by Tania Monteiro]

[FBIS Translated Text] Brasilia, 13 Feb (AE) — President Fernando Henrique Cardoso today instructed the military ministers, the Justice Ministry, and the Strategic Affairs Secretariat [SAE] to "urgently" prepare a national policy for drug enforcement and arms trafficking control. The president intends to prevent traffickers who have trouble entering other countries with drugs from coming to settle in Brazil.

The policy basically seeks to preserve the national territory, preventing the entry of arms and drugs. When the policy is implemented, controls on all borders, ports and airports will be tightened. The policy will be run by the Justice Ministry, even though the first meeting was coordinated by the Aeronautics Ministry.

At the cabinet meeting on 9 February, President Fernando Henrique Cardoso expressed concern about the entry of drugs into Brazil. During the meeting, he created the chamber of foreign affairs and national defense, which will hold monthly meetings to design policies for this area. He instructed the military ministers, the justice minister, and the SAE chief to meet on 12 February to design a national drug enforcement policy.

During a dinner at Alvorada Palace on 12 February, the president listened to the ministers' proposals. He then analyzed the issue and voiced his own concerns about it. The president has been mulling over the implementation of a national policy for drug enforcement and arms control. Presidential advisers said that proof of this can be seen in his efforts to have the Amazon Region Surveillance System approved, and in the preparation of a bill changing the Brazilian Aeronautics Code to permit Brazilian Air Force fighters to shoot down planes on illegal flights that disobey orders to land, as is currently done in several other countries.

Presidential Spokesman Sergio Amaral said the government will "opportunely" advise on an official drug enforcement action. Amaral said the plan will include

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other measures beyond airspace and sovereignty control.

Brazil's Military Preparing Antidrug 'Mega-Operation'

PY1502011496 Rio de Janeiro JORNAL DO BRASIL in Portuguese 13 Feb 96 p 4

[Article by Leandro Fortes]

[FBIS Translated Text] Brasilia — The Armed Forces, the Federal Police, and the police secret services will begin, in the next few months, the largest and most secret antinarcotics and weapons smuggling repression operations in the history of the country. The mega-operation will include total control over all national borders, as well as of all Brazilian ports and airports, in accordance with the basic guidelines discussed by the military ministers at the Aeronautics Ministry on 12 February. Justice Minister Nelson Jobim and Ambassador Ronaldo Sardenberg, head of the Strategic Affairs Secretariat [SAE], also participated in the discussions.

The meeting lasted five hours and was surrounded by mystery. Not even the officers who are closer to the military ministers were informed of the exact content of the talks. According to one of them, those attending the meeting were summoned by Aeronautics Minister Brigadier Lelio Lobo, who pointed out that the issues to be discussed in the meeting could not be discussed or commented on with any aide, not even in general terms. According to the officer, the operation will be divided into various missions, all with different dates and sites, in order to confuse the drug and weapons dealers.

The first rumor spread in Brasilia on 12 February stated that, motivated by the comments made by former President Itamar Franco on the performance of the National Defense Council with regard to the Amazon Region Surveillance System (Sivam), the government decided to adopt a unified position on the issue. According to Franco, the council's secret acts, which are being kept by the SAE, had "revealing data" about the commercial transaction which resulted in the contract signed with the U.S. company Raytheon. An officer of the Armed Forces high command has clarified that the Sivam issue — particularly because it referred to Amazon Region borders — has been dealt with "superficially."

Brazilian President: 'Doubts' on Communications Project

PY1402114296 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 12 Feb 96 p B3

[Article by Ricardo Amaral]

[FBIS Translated Text] Brasilia — President Fernando Henrique Cardoso admitted he has doubts about the constitutionality of the project that regulates the participation of private enterprises in telecommunications services. The project, which has been sent to Congress, deals specifically with cellular telephone services, access to satellites, and data transmission. It also establishes that Brazilians must own 51 percent of the voting shares of private enterprises that want to participate in the telecommunications area.

During a dinner at the home of Jorge Bornhausen, president of the Liberal Front Party [PFL], on 10 February, President Cardoso discussed the issue. Despite his doubts, President Cardoso defended Communications Minister Sergio Motta's project. Inocencio Oliveira (Pernambuco State), PFL leader at the Chamber of Deputies retorted: "The foreign enterprises that really want to invest in Brazil are already installed in the country."

Brazilian Mayor Sees Real Plan Involving 'Social Cost'

PY1402023896 Rio de Janeiro O GLOBO in Portuguese 12 Feb 96 p 7

[Article by Sao Palo Mayor Paulo Maluf: "The Real Plan and Its Two Brazils"]

[FBIS Translated Text] Logic indicates that we should support the Real Plan, which has restored the value of our currency and ended the scandalous inflation of almost 90 percent a month and 7,000 percent a year. The Brazilian people are now living with a more reasonable inflation rate, of approximately 20 percent annually, as in the period from 1967 to 1973, when Delfim Netto headed the Finance Ministry. The Real Plan, however, should be supported as an instrument and not as a goal. That is, the fight against inflation must be considered as an instrument leading to the true objective: The resolution of Brazilian social problems.

The way it is being managed, the plan is seriously harming several sectors. The sacrifice that should be made by everyone and by all productive sectors has particularly burdened farmers, exporters, and the workers who lost their jobs as a result of increasing unemployment. The agricultural sector is practically exhausted, while rural producers have become disappointed in light of the lack

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of sensitivity on the part of federal authorities. Exports dropped from 6.5 percent to 4 percent of the GNP, compared to a world average of 8 percent, as estimated by the International Monetary Fund.

The low growth rate of the economy, of around 4 percent a year, has not been sufficient to alleviate social problems, because of structural problems. The creation of new jobs has not matched the small growth rate. Thanks to new technology, production calls for an increasingly smaller number of workers, and a growth rate of 3 to 4 percent — as in the case of Brazil — can even cause unemployment. (It is interesting to notice that IPEA [Applied Economic Research Institute] economic expansion estimates for 1995 dropped from 4.1 to 3.7 percent.)

The figures are not reassuring. Sao Paulo industry grew by only 3.3 percent in 1995, well below the figures registered in previous years, like 1993, when it grew by 11.7 percent, or 1994, when it grew by 7.9 percent. Some comparisons will make the picture even worse. While all labor courts, from July 1994 to date, granted salary increases ranging from 25 to 45 percent, the price of farm products and the exchange rate have remain practically unchanged. The only alternative for enterprises has been bankruptcy and brutal dismissals. The Sao Paulo industrial sector last year registered 188,000 unemployed workers, while there were 120,000 unemployed workers in the civil construction sector. Therefore, in Sao Paulo alone there are 300,000 families — some 1,200,000 people — affected by unemployment. The consequence is increased violence. Thousands of distressed persons are led into crime. This is the terrible social cost of the Real Plan.

While the federal government ignores the claims of the unemployed masses, it is generous with those who live in their castle in Fantasy Land, in Brasilia. A hostage to powerful forces that have made the federal capital the stronghold of Brazilian corporatism, the government made the mistake of increasing the payroll by 25 billion reals [R], going from R15 billion to R40 billion. This tragic heritage, which is bleeding the country, costs as much as a major national revolution, because R25 billion is sufficient for building 25,000 schools, each one for R1 million, each one for 800 students, making a total of 20 million students. The same amount, R25 billion, is five times the revenues from the tax promoted by Health Minister Adib Jatene (Financial Operations Tax), and it could also resolve all Brazilian public health problems. Moreover, it would not be necessary to burden society with a new tax.

The same amount is enough for building 250 universities, each one for R100 million. Or for building 25 highways like the Immigrants' Highway. Or for building 14 subway lines in Brazilian capitals each year. All this work can generate more than 1 million direct and indirect jobs, that is, it can maintain 4 million Brazilians. This is the revolution that is being neglected, out of fear for haste of lobbies committed to archaic corporatism. It is always necessary to point out that the people want no more speeches, but jobs, action, solutions. Social needs cannot be met with alms or with a dish of hot soup served at the end of the day. The efficient handling of public funds demands courage, efficiency, productivity, and capacity. The country that we want cannot increase the gap between the rich and the poor, between those who do little or almost no work and those who work in the trenches with effort and sacrifice. It is necessary to say enough to injustice. Our support for the Real Plan is tied to the resolution of the serious distortions that are jeopardizing the plan's own stability. The creation of jobs is the most efficient and fastest path leading to a true solution of social problems — with dignity.

Brazil Commentary on 'Mystery' Behind Budget Resources

PY1402015696 Sao Paulo FOLHA DE SAO PAULO in Portuguese 11 Feb 96 Section 2 pp 6, 7

[Commentary by Aloysio Biondi]

[FBIS Translated Excerpt] The government has revealed that it disbursed only 55 to 60 percent of the resources approved in the 1995 budget, which contemplated that the ministries, including the Social Security Ministry, would, together, spend 111 billion reals [R]. Very well, the 40 to 45 percent that was "saved" represents a huge amount of money — between R45 and R50 billion. We have all been told, however, that the federal government has a new deficit that "bore a hole" in public accounts.

Nevertheless, more than that must have been left, because the 1995 tax revenues surpassed all expectations and the Treasury's overall revenue up to November already totaled the amount forecast for the entire year, although there would still be one more month of tax collection. Therefore, the "amount left over" totaled some R60 billion, at least. This figure is more than 50 percent of the budget approved for 1995.

Where has all this huge amount of money gone? Congress will look for an answer now that the ministers said, once again, that it is impossible to readjust the salaries of the public employees and the minimum wage. These are always charged with being guilty for the "hole" in public accounts.

The key to the mystery can be found in the fantastic increase experienced in the interest the government pays

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on its domestic debt. This debt increased dreadfully in 1995, despite the government's "tightening" measures in terms of allocation of resources. Why? As everyone knows, it was a result of the flood of dollars that entered the country, attracted by the incredible interest paid in Brazil: The government issues money to purchase dollars, then it issues debt certificates to withdraw this money from circulation. In addition, it pays interest to those who purchase the certificates.

President Fernando Henrique Cardoso has been saying that interest weighs little on government expenditures and that the main reasons for "holes" in public accounts are salary equalization and salary readjustments granted at the end of Itamar Franco's period in office. A balance disseminated after the November cabinet meeting showed that the government had spent R32 billion on interest payments in 1995. Calculations made by independent economists show that these payments may have totaled R50 billion, i.e., practically the same amount the government spent in all administrative areas, including social security. [passage omitted]

Wrong Data

It has been reported that the federal government public employees' payroll consumed R40 billion in 1995, thus surpassing by R9 billion the R3 billion contemplated in the budget. Three mistakes; three wrong figures. The budget contemplated expenditures totaling R32.7 billion. Including the December salaries and 50 percent of the Christmas bonuses, we may accept that these expenditures totaled R37.5 billion (and not R40 billion), while up to November they stood at R32.7 billion. These are official figures. [passage omitted]

Brazilian Article on Creation of Jobs, Budget Funds

PY1402010996 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 10 Feb 96 p A4

[Article by Ribamar Oliveira and Isabel Braga]

[FBIS Translated Text] Brasilia — During this year's first cabinet meeting, which was held at Planalto Palace on 9 February, President Fernando Henrique Cardoso established that his ministers should conduct "a strict use of budget funds." He also announced that 1996 will be "the year to create jobs." Presidential spokesman Ambassador Sergio Amaral said that these two goals "are apparently contradictory." He gave assurances, however, that in President Cardoso's opinion "they can be reconciled."

Ambassador Amaral explained that these goals would only be contradictory if the resources earmarked for investment, which will create the jobs, originated from the federal government's budget funds. "This, however, is not the case," he said. "The money to be used to create jobs will come from the National Bank for Economic and Social Development (BNDES), the Federal Savings Bank (CEF), and the other state-owned enterprises," he added. The presidential spokesman reported that the government expects this group of state-owned companies to make investments totaling 27 billion reals [R] this year. The BNDES will invest R11 billion, the CEF R4 billion, and the other state-owned companies R12 billion.

Planning Minister Jose Serra presented these figures on state-owned companies' investments for 1996 during the cabinet meeting. Serra also said that an equivalent amount of resources will be invested by the state and county governments. As a result, Serra believes that R45 to $50 billion will be spent this year in investment and that these will result in the creation of new jobs.

Ambassador Amaral could not establish the number of jobs the government plans to create. "So far, that has not been figured out," he said. Nor did he explain the government plans regarding this year's public deficit or the projects that will be dropped in order to balance the accounts. "The government wants to balance the accounts or have the smallest deficit possible," he reported. In 1995, the public deficit stood at about 4.5 percent of the GDP.

The cabinet meeting was also used, on one hand, by the ministers to inform the economic area about each ministry's priorities for this year. On the other hand, the economic team informed each minister about the amount of resources he or she will have in 1996. "The president said that in this way, no minister would have to ask [Treasury Secretary] Murilo [Portugal] how much he or she is allowed to spend per month," Sergio Amaral said. During the cabinet meeting, Finance Minister Pedro Malan said that it was "better to specify and make clear the expenditure ceiling." Based on the ministries' priorities, the Planning Ministry will draft a three- month financial program, similar to the one that currently exists. "The difference is that the economic area will allocate to each ministry what has been agreed upon among the ministers," Amaral explained.

The second part of the cabinet meeting was dedicated to discussion of the new project to be implemented to keep track of the government actions. According to Amaral, each ministry has presented a list of its most relevant actions. "This list will be accompanied by a chart with the scheduled expenditures and the dates the resources will be spent," Amaral explained. "The president will thus have overall knowledge of the government actions and the ministers' planning will be better organized."

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Amaral said that this mechanism will help in keeping track of government priority actions.

Brazil Planning To Expand Satellite Program

PY1402010796 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 10 Feb 96 p A14

[Article by Julio Ottoboni]

[FBIS Translated Text] Sao Jose dos Campos — The Brazilian space program now has six satellites, two more than the four contemplated in the initial project. Marcio Nogueira Barbosa, director general of the National Institute of Space Research (INPE), has reported that, in addition to the SCD-2, which will be put into orbit by a foreign rocket before the end of the year, two other satellites — the SCD-3 and a copy of the SCD-2 — will be launched immediately afterward by a Brazilian rocket.

This was the solution found by the Brazilian Space Agency (AEB) to overcome a problem that has been dragging on for decades: Successive delays in the construction of the Satellite Launching Vehicle (SLV) developed by the Aerospace Technical Center (CTA) in Sao Jose dos Campos. The SCD-2A should be put into orbit by the SLV, but the latter is not ready yet.

The AEB's new plans were announced on 9 February, during the ceremony celebrating the third year of useful life of the Data Collecting Satellite 1 (SCD-1), which was constructed at INPE. According to Janio Kono, manager of the Complete Brazilian Space Mission (Mecb), the satellite has surpassed — by more than 200 percent — the period contemplated for its useful life and has been showing visible signs of fatigue. The battery that feeds its systems will probably run out in 90 days. After that, the satellite will function for some more time with the energy picked up by the solar cells of its panels.

The military area demanded that its rocket be used to launch the second Brazilian satellite, which has been ready since last year. Due to pressure exerted by the Aeronautics Ministry, the INPE decided to assemble the SCD-2 replica, which will be finished at the end of this year, at a cost $3 million. To avoid a temporary loss of environmental data until the next satellite is put into orbit, the INPE is hiring the services of the U.S. satellite Tirus.

Brigadier Reginaldo dos Santos, director general of the CTA, believes that the SLV will be ready in 1997. He blamed the delay in the project on lack of resources and an international boycott. He says that the situation has improved after Brazil joined the Missile Technology Control Regime and the federal government allocated to the project the resources required for its continuation.

Once the testing stage is over and the INPE satellite is already in orbit, the military plans to transfer the SLV technology to the Brazilian private sector. The SLV will be launched from the space launching pad located in Alcantara, Maranhao State.

Chile

Chilean Foreign Minister on Integration With Mercosur

PY1402170696 Sao Paulo AGENCIA ESTADO in Portuguese 1932 GMT 13 Feb 96

[By Aldo Renato Soares]

[FBIS Translated Text] Brasilia, 13 Feb (AE) — Chilean Foreign Minister Jose Miguel Insulza said today the signing of a free trade agreement between his country and Mercosur [Common Market of the South] depends on the settlement of a small number of matters "that are difficult to resolve." Insulza met today with Foreign Minister Luiz Felipe Lampreia and with President Fernando Henrique Cardoso. He said the main problems revolve around the trade of agricultural products and low Chilean import tariffs, which average 12 percent.

Lampreia emphasized that 90 percent of negotiations with Chile "are already complete" and that the rest will depend on a political decision. Lampreia said: "Both sides must make concessions. If not, it will be impossible to reach an agreement that can be fully satisfactory for everyone." Insulza said that Chile attaches priority to integration with its South American neighbors, and that it also wants to promote ties with NAFTA — the North American Free Trade Agreement — and with the Asian bloc.

Prior to the inauguration of President Eduardo Frei in 1993, the Chilean Government concentrated its efforts on joining NAFTA, giving secondary status to Mercosur. The reluctance of the U.S. Congress to accept a fourth partner within NAFTA (beside the United States, Canada, and Mexico), and the Mexican financial crisis in December 1994 made Chile reconsider its strategy.

With annual growth rates of 7 percent over the past five years, and with an annual inflation rate that has stabilized at around 8 percent, Chile has Latin America's most stable economy. Integration with Mercosur, which has been negotiated for eight months, concerns some Chilean economic sectors, especially the farm, meat, and wine sectors. Chile fears competition from Argentine and Uruguayan products. Concerning Brazil, Chilean officials are negotiating some safeguards to protect itself

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against Brazilian auto parts and other components for car manufacturers.

Chilean President Eduardo Frei on 25 February will begin an official five—day visit to Brazil. Diplomats, however, do not expect the agreement with Mercosur will be announced during this visit. At the latest meeting of Mercosur presidents and ministers in Punta del Este (Uruguay), 30 March was selected as the date for defining the free trade agreement between Chile and Mercosur. The Brazilian-Chilean trade balance in 1995 amounted to $2.5 billion, with a $100 million surplus in Brazil's favor. Brazilian exports to Chile amounted to $1.3 billion, while Chilean exports to Brazil amounted to $1.2 billion.

Chilean Official Tours Mercosur Countries Seeking Accord

PY1402163796 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1000 GMT 14 Feb 96

[FBIS Translated Excerpt] By 30 March, Chile and Mercosur [Common Market of the South] may have reached a free trade agreement. This announcement was made yesterday by Brazilian Foreign Minister Luis Felipe Lampreia after meeting with Jose Miguel Insulza, his Chilean counterpart, in Brasilia.

Yesterday Insulza began a visit of Mercosur member countries seeking to step up negotiations for Chile's entry to Mercosur. Insulza began his tour in Brazil, which is one of the countries most interested in reaching agreement with Chile.

After a meeting of more than one hour between the foreign ministers, it was disclosed that significant progress was made but that there are still some obstacles that will be hard to overcome.

[Begin recording] [Insulza] I will not conceal the fact that foreign custom tariff is one of these obstacles. Chile has its own custom tariff system, Mercosur has another and that probably represents an obstacle.

[Lampreia] We probably agree on the need for a global agreement between Mercosur and Chile, if possible before President Eduardo Frei visits Brazil in late March. [passage omitted]

Insulza met later with Brazilian President Fernando Henrique Cardoso. He will then travel to Montevideo, Uruguay; Asuncion, Paraguay; and lastly Buenos Aires, Argentina, to discuss Chile's entry to Mercosur with the four member countries.

Chilean Defense Minister Meets Ecuadoran Foreign Minister

PY1402223696 Santiago EL MERCURIO in Spanish 14 Feb 96 p C3

[FBIS Translated Text] Defense Minister Edmundo Perez Yoma, who is the acting foreign minister, held a private 20-minute meeting yesterday with Ecuadoran Foreign Minister Galo Leoro to discuss bilateral issues.

Minister Leoro arrived in Santiago yesterday for a visit that was kept under strict secrecy by the Foreign Ministry. Foreign Minister Jose Miguel Insulza is in Brazil and Deputy Foreign Minister Mariano Fernandez is on vacation.

In their absence, Fabio Vio, acting deputy foreign minister and director of the Foreign Policy Department, had to interrupt his vacation to give a luncheon in Leoro's honor at the Golf Club. Later, at 1630, Galo Leoro met with Minister Perez Yoma on the 22d floor of the Diego Portales building.

No details have been disclosed regarding the activities of Minister Leoro in Santiago, but it is believed that his visit is related to the Ecuadoran—Peruvian peace process because Chile, along with Argentina, Brazil, and the United States, is a guarantor country of the Rio de Janeiro Protocol.

Nor did the Ecuadoran Embassy give any details regarding Leoro's visit or how much longer he will stay.

Regarding Chilean participation in the mission of the guarantor countries in the Ecuadoran-Peruvian border region, General Raul Tapia Esdale, chief of staff of national defense, will give a news conference today at 1100.

General Tapia is expected to disclose the joint declaration prepared by the military observers of the United States, Argentina, Brazil, and Chile.

Chilean Government Coalition Rejects Reform Bill Changes

PY1502001696 Santiago EL MERCURIO in Spanish 14 Feb 96 p C2

[FBIS Translated Excerpt] The Coalition of Parties for Democracy [CPPD] has openly rejected the new constitutional reform proposal made by Deputy Luis Valentin Ferrada of National Renewal [RN]. The CPPD reiterated its support for the agreement reached with RN for some constitutional reforms in 1995.

Despite the rejection, the CPPD left open the possibility of improving, through observations, the reform bill agreed upon by Interior Minister Carlos Figueroa and

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RN President Andres Allamand, and RN Senators Sergio Diez, Miguel Otero, and Sebastian Pinera.

The bill is in the Constitution, Legislation, and Justice Committee of the Senate, which already approved the idea of legislating on the reforms, and began a discussion on the articles for review. [passage omitted]

The CPPD disclosed its position yesterday through a public declaration indicating that the fulfillment of the agreements reached is an essential condition for the good operation of the democratic system and for the prestige of political activity before the people.

The CPPD says that it will support in Congress the constitutional reform bill which is based on the agreement reached between the government and RN.

The CPPD also demands that RN approve the idea of legislating and become involved, in March, in the discussion and, in particular, the approval of the bills submitted to the Senate.

Regarding the "Ferrada proposal," the CPPD says that its content not only strays from the agreement reached, but that it also contradicts the idea of achieving progress in making the 1980 Constitution more democratic.

The CPPD adds: "Although the proposal may help resolve the RN internal crisis, it strays from the idea of establishing a state policy, and violates the agreements reached between the government and RN." [passage omitted]

Chilean Air Force Negotiate Satellite Launch With Russia

PY1502001196 Santiago EL MERCURIO in Spanish 14 Feb 96 p C4

[FBIS Translated Text] Chilean Ambassador to Moscow James Holger said yesterday that if the negotiations between the FACh [Chilean Air Force] and Russian aerospace officials are successful, the Chilean FASat-Bravo satellite would be put into orbit from the Baikonur cosmodrome in Kazakhstan.

Last week Air Force Commander General Fernando Rojas Vender confirmed that the FACh began the construction of the second national mini-satellite to replace the unsuccessful FASat-Alfa, which failed to separate from the Ukrainian Sich-1 satellite last October.

General Rojas Vender explained that the FACh signed an agreement with the University of Surrey to be able to use its laboratories in Great Britain and to buy the nececessary elements to complete the project.

General Rojas Vender did not discard the possibility of putting the satellite in orbit from Russia again, like the previous one.

In this regard, Ambassador Holger said that no agreement or memorandum at the diplomatic level has been signed with the Russians, but they have shown great interest in continuing to cooperate with the new FACh space program.

If an agreement is reached, said Holger, the FASat-Bravo satellite would be launched from Baikonur in Kazakhstan.

He added: "This is the cosmodrome more frequently used by the Russians to launch larger and manned satellites."

He said that Baikonur is more modern than Plesetsk in the Russian Federation, which was used more as a base for intercontinental ballistic missiles of military use than to launch commercial or scientific satellites.

Ambassador Holger added that the Russians have a great interest in cooperating with Chile because there is great competition in the satellite market, which includes not only the Russian Federation but also the United States, France, and China.

Regarding the reduced Russian participation in FIDAE-96 [International Aerospace Fair], to be held from 10 to 17 March 1996, Holger said that despite the reduction, the Russian delegation in Chile will be large.

He added: "In Latin America the FIDAE continues to be the largest aerospace fair, comparable to Le Bourget in Europe and Dubai in the Middle East."

Chilean Police Discuss DINA Agent Case With Uruguay

PY1402114196 Madrid EFE in Spanish 1547 GMT 11 Feb 96

[FBIS Translated Excerpt] Santiago, 11 Feb (EFE) — It was disclosed today that the Chilean police told the Uruguayan police that efforts to identify a body, which is fundamental in clarifying the "Berrios Case," should be made through judicial channels.

Petitions "must be made through the corresponding channels," the Chilean Interpol representative said after meeting with Uruguayan police chiefs to discuss the case of Chilean chemist Eugenio Berrios, whose remains may have been found in Uruguay following his disappearance in 1992.

Inspector Eduardo Molina of the Uruguayan Police, and Alcides Caballero, head of the Interpol office in Montevideo, arrived in Chile on 8 February to meet with Chilean police authorities in search for information that may help identify what may be the body of Berrios and returned to Uruguay today.

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Carlos Espinoza, head of the Interpol in Santiago, said: "We told them there is a prosecution underway in the Chilean Sixth Criminal Court, at the pre-trial inquest level. Thus, any petition or request for information should be made to the judge hearing the case." [passage omitted]

Berrios was a chemist who worked for the Chilean National Intelligence Directorate (DINA), the secret service that was dissolved in 1977. He is the inventor of the lethal Sarin gas. He disappeared in November 1992 after being abducted in Uruguay.

According to unconfirmed information obtained in 1993, Berrios managed to escape from his kidnappers but was returned to them by the local police.

The Berrios case was reopened in January, when it was reported in Montevideo that a body, found on the beach nine months ago, had been identified as that of Berrios. [passage omitted]

Chile: Roundup of Human Rights Cases

96P2O283A

[FBIS Report]

Prats Assassination

An editorial in the Santiago daily LA NACION notes that given the recent arrest of former DINA (National Intelligence Directorate) agent Enrique Arancibia Clavel in Argentina, the case of the assassination of General Carlos Prats and his wife in Buenos Aires in 1974 may have an impact as great or greater than that of the Letelier case. Argentine President Carlos Menem and Chilean President Eduardo Frei have signaled high-level interest in the case by meeting with Prats' daughters. The editorial speculates that Prats, who had been the Army commander in chief from October 1970 until he was forced to resign in August 1973, was killed because he was feared by the military regime as a person who could become the focus of an effort to restore democracy in Chile, and also because Prats "knew too much" about the leaders of the new regime and how they had acted before and after the September 1973 coup. The editorial states that the Army must now pay attention to the case opened in Argentina, saying: "The attempts to keep certain chapters of history in the shadows so that time might erase the fingerprints has been shown to be fruitless," and "the issue of how to understand loyalty toward the military institution is now in the forefront." (1)

Leighton Attempted Murder

The Italian courts have issued their final ruling in the case of the attempted murder of Bernardo Leighton and his wife Anita Fresno, sentencing former DINA officers Manuel Contreras and Raul Iturriaga Neumann to 20 and 18 years in prison, respectively. Contreras is now serving another sentence in Punta Peuco prison; neither of the two has appealed the Italian ruling. The Rome district attorney has issued a warrant seeking compliance with the ruling, and the Chilean Foreign Ministry will be notified. Lawyer Sergio Corbalan, an adviser to the Rome district attorney's office, explained that the Italian courts have two options for obtaining compliance with the sentence: They could request the extradition of Contreras and Iturriaga under international law, since Chile and Italy have not signed a bilateral extradition treaty; or they could request that Contreras and Iturriaga serve their sentences in Chile. (2)

FASIC Evaluation of 1995

The Christian Churches Social Aid Foundation (FASIC) has issued its annual evaluation of the human rights situation in the country in 1995. At a news conference to present the evaluation, FASIC lawyers described 1995 as a year of "strong backward movement on human rights issues" which left national reconciliation unresolved and hindered progress toward "genuine democracy." They criticized the government's "insensitivity" and its "weakness" vis-a-vis the military, and noted the construction of a special prison for military offenders, the closure of the Valmoval case, and the special salary raise for the military as examples. The lawyers also censured the Supreme Court, saying that in spite of the changed circumstances, the court "continues a practice of not defending human rights." According to FASIC, there are still 142 cases before the courts, involving 470 victims. Of these, 36 cases are in the military courts and 106 in the civilian court system. Recently, the 1978 Amnesty Law was applied to 13 cases. There are still 1,193 detained missing persons. (3)

Lumi Videla Case

The Second Criminal Chamber of the Supreme Court has resolved to definitively close the case of Lumi Videla by applying the amnesty law, thus overturning the ruling of the Third Chamber of the Santiago Appeals Court which stated that international treaties should prevail over the laws of a particular country. Former DINA agent Osvaldo Romo Mena was the defendant in this case; Videla had been arrested by DINA agents on 21 September 1974 and her body was thrown onto the grounds of the Italian Embassy in Santiago on 4 November 1974. The lawyer for Videla's family said that this ruling "blocks any possibility for justice" in the case and announced that the family will raise it before "international bodies." (4)

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Canadian Court Ruling

The Canadian Supreme Court has rejected the final appeal of former Carabineros Intelligence Directorate (Dicar) agent Fernando Arduengo Naredo and his wife Nieves San Martin Salazar against a deportation order. Arduengo is implicated in the death in July 1976 of Sergio Verdugo Herrera, a union leader and Christian Democratic Party member, as well as in other cases of murder and missing persons. A warrant for Arduengo's arrest was issued in 1993; in 1995 the case reached the Office of the Fourth Military Prosecutor, which applied the amnesty law. This ruling has been appealed to the Military Court by the Verdugo family, which argues that the amnesty could not be applied because the investigation had not ended and because Arduengo's arrival in Chile was "imminent." (5)

Tucapel Jimenez Case

The Third Chamber of the Court of Apeals has unanimously denied bail to former National Intelligence Center (CNI) agent Carlos Herrera Jimenez for the case in which he has been charged with the murders of union leader Tucapel Jimenez and carpenter Juan Alegria, on the grounds that Herrera "is a danger to society." National Association of Government Employees leaders who had gone to the courts to protest the delays in the case—which has been underway for almost 14 years now—praised the ruling against Herrera's release. Herrera Jimenez was previously convicted in the murder of transportation worker Mario Fernandez. In the latter case, the Supreme Court has issued a ruling clearing the way for Herrera to begin serving his sentence in Punta Peuco prison; he is currently being held at the Telecommunications Regiment. (6) (1) Santiago LA NACION in Spanish 29 Jan 96 (2) Santiago LA NACION in Spanish 30 Jan 96 (3) Santiago LA NACION in Spanish 13 Jan 96 (4) Santiago LA NACION in Spanish 31 Jan 96 (5) Santiago EL MERCURIO in Spanish 15 Jan 96 (6) Santiago LA NACION in Spanish 11 Jan 96

Colombia

Colombian Prosecutor Said To Present Charges on 15 Feb

PA1402150196 Santa Fe de Bogota Radio Cadena Nacional in Spanish 1200 GMT 14 Feb 96

[From the "RCN Radio Events" newscast]

[FBIS Translated Text] Attention: Confidential Report. It has been reported that Prosecutor General Alfonso Valdivieso will file his charges against President Ernesto Samper before the Accusations Committee of the Chamber of Representatives on 15 February. RCN has spoken with Valdivieso, who stated the following: The file of evidence is not ready. I have not concluded drafting the text of the charges to be delivered to the Accusations Committee. As a result, I cannot give a date or time for presenting such an important document, if I have not finished it. I will not be pressured by demands that I should present the charges at a specific time or date, Valdivieso said. I will report the date and time of delivery when the file and evidence are ready and the entire text has been drafted, and not in the meantime, because I have not finished drafting the charges, Valdivieso told RCN.

Colombian Prosecutor Delivers Document to Committee

PA1502022496 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 15 Feb 96

[From the "Seven O'Clock Newscast"; monitored from retransmission by Lima Sistema Unido de Retransmision Television at 0100 GMT 15 Feb]

[FBIS Translated Text] The prosecutor general a few minutes ago delivered to the Accusations Committee of the Chamber of Representatives a file with charges against President Ernesto Samper.

The prosecutor general would make no statement to the media regarding the voluminous document he delivered to the Accusations Committee. He said he cannot make it public because it forms part of the confidentiality of the summary proceedings.

According to the Prosecutor General's Office, the president could have carried out the following acts: illegal enrichment, concealment, electoral fraud, and the falsifying of private documents.

The Prosecutor General's Office delivered not only the depositions of Fernando Botero and Santiago Medina but also the results of the inquiry on Juan Manuel Avella, who has told prosecutors that President Samper did know about the accounting operations of his campaign.

This newscast has learned that the document states that the Prosecutor General's Office believes it is probable that the president is dishonorably occupying his post.

The Prosecutor General's Office will be sending more evidence to the Accusations Committee within the next few days.

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Colombian Prosecutor Files 4 Charges Against Samper

PA1502012896 Madrid EFE in Spanish 2356 GMT 14 Feb 96

[FBIS Translated Text] Santa Fe de Bogota, 14 Feb (EFE) — Colombian Prosecutor General Alfonso Valdivieso tonight filed four charges against President Ernesto Samper, all of them pertaining to the reported financing of his presidential campaign with Cali cartel money in 1994, local radio stations have reported.

Valdivieso unexpectedly filed the charges although it had been said a few hours ago that no specific date had been set for presenting the charges at the Accusations Committee of the Chamber of Representatives, the preliminary authority to handle Samper's trial.

Valdivieso himself had said a few hours before that the presentation of charges against Samper depended on the assessment of depositions on evidence received in the past few days.

According to a communique released by the Prosecutor General's Office, Valdivieso accused Samper of the crimes of "illegal enrichment, misrepresentation, electoral fraud, and concealment."

Together with the charges, Valdivieso gave to the Congress investigators the evidence and depositions accumulated during the past year and a half.

According to part of the depositions, with which some of the protagonists of the notorious proceedings in Colombian history's biggest political scandal agree, between 5 million and 6 million narco-dollars went into the Liberal Party's electoral campaign for president in 1994.

Samper has always denied having negotiated with the drug traffickers and has insisted that if those funds entered his campaign, it happened behind his back, but Samper is claiming success for having placed almost all the leaders of the Cali cartel behind bars.

The presentation of the lawsuit to the Accusation Committee of the Chamber of Representatives opens a second political trial against the president, who was already acquitted in December by the same legislative body, which is formed by a majority of his fellow party members.

The reopening of the process at Congress was prompted by remarks by former Defense Minister Fernando Botero, who on 22 January denounced that Samper "knew" about the Cali cartel's contributions to his electoral campaign in 1994.

According to new, accusatory statements by Botero (general campaign manager) and campaign treasurer Santiago Medina, Samper prevented the exertion of strong pressure on the Cali cartel leaders during the first six months of his administration, which began on 7 August 1994.

Colombia Extends Congress' Special Sessions Until 15 Mar

PA1502035096 Madrid EFE in Spanish 2136 GMT 14 Feb 96

[FBIS Translated Text] Santa Fe de Bogota, 14 Feb (EFE) — The Colombian Government today extended Congress' special sessions until 15 March, the date on which the ordinary legislative period is scheduled to begin, in order to continue investigating Colombian President Ernesto Samper.

The executive announced the decision through a decree in which he said: "It is necessary for Congress to continue performing its duties of political control under the current circumstances."

Furthermore, he added: "It is important for Congress to be prepared to exercise the duties of investigation, accusation, and prosecution."

The same decree states that it is also important for the legislative branch to examine the bill presented by the government, which includes a Penal Procedure Code article that eliminates confidentiality of proceedings in the investigation of President Samper.

The Accusation Committee of the Chamber of Representatives is waiting for Prosecutor General Alfonso Valdivieso to forward the file against Samper.

The Colombian Congress on 1 February interrupted its annual vacation to heed the government's summons to special sessions for 15 days, which were extended today.

Colombia's Samper Reacts to Prosecutor's Charges

PA1502043996 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 15 Feb 96

[Interview with President Ernesto Samper by News Director Cecilia Orozco at Narino Palace in Santa Fe de Bogota on 14 February; from the "Seven O'Clock Newscast"; monitored from retransmission by Lima Sistema Unido de Retransmision Television at 0100 GMT on 15 Feb — recorded]

[FBIS Translated Text] [Orozco] Good evening, Mr. President. We are only a few hours away from an event that has been constantly announced; that is, an accusation by the prosecutor general of the Republic

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against the president of the Republic. How are you feeling?

[Samper] Completely at ease. An accusation is merely an account of events. I have complete confidence in my capabilities and ability to demonstrate the falsehood of those events, because I am convinced of my innocence.

[Orozco] In terms of a political effect, domestically as well as internationally, do you believe it is best for the charges to be made?

[Samper] I sincerely would have preferred if the alleged evidence against me had been delivered once and for all. I believe it would have been the best way. Then the Accusations Committee and Congress could calmly assess the charges that have been made against me without any interruptions or interferences, but the decision on what mechanism will be used to deliver the evidence does not depend on me but, rather, on the prosecutor general.

[Orozco] Do you think the prosecutor general is interfering in the case or leading the process to an investigation of your conduct by announcing that charges will be filed?

[Samper] I believe all Colombians are aware that a accusation is merely an enumeration of events and that in no way can it be deemed as a sentence. I and you can be accused tonight for simply stealing some dogs, but this accusation does not mean you actually stole the dogs or that you have them hidden somewhere at home.

[Orozco] It is my understanding that the prosecutor general is going to establish that several crimes have been committed. The media have already listed several of these crimes; that is, illegal enrichment, breach of official duty, fraud, embezzlement, and so on. Don't you think it seems to be an indictment?

[Samper] All accusations at the Accusation Committee and all cases implicitly imply that a crime has been committed. No one goes to the Accusation Committee to file a complaint as we did when we were in school. No, they are going to say that there is a likelihood the president may have been involved in a crime, something which has already happened to other presidents. Every president has been accused of something, even by the Council of State, simply by it having been said that the president may have been engaged in a crime. The Accusation Committee's duty is to determine such conduct and to establish whether a crime has been committed.

[Orozco] Today's edition of EL TIEMPO mentions one specific crime that may turn out to be the most serious. I am referring to the accusation of being an accessory to the fact. According to that accusation, even if you were unaware of any of the events that took place during the campaign, you should have learned of it once you came to office, yet you failed to report it; therefore, you may have been an accessory to a crime.

[Samper] I sincerely believe that accusation is full of hot air. If anything, the only thing I can be accused of is uncovering the facts, not covering them up. I could have appointed Medina as ambassador as he had requested, and no one would have found out about these events, regardless of how controversial they may have been. I could have interfered in one way or another with the inquiry the prosecutor general has carried out. People seem to forget that it was I, the day following the elections, who requested an investigation of the narco-cassettes. I have fully supported the Prosecutor General's Office throughout this process. No one can accuse me of being involved in either obstruction of justice or curtailing the right of freedom of the press, as you can attest; therefore, the process has been clean, completely open.

[Orozco] Assistant Prosecutor General Adolfo Salamanca said today the president and government have attempted to obstruct the judicial system, a fact of which everyone is aware. What is your response to this statement?

[Samper] I am unaware of to what he is referring, but such a high-ranking official as the assistant prosecutor general cannot simply come out and say: They have attempted to obstruct the judicial system. He would have to file charges, and I, of course, would have the duty and right to reply.

[Orozco] Mr. President, the latest reports refer to additional accusations by former Minister Fernando Botero. For example, he refers.... [pauses] We are speaking about the crime of accessory. He mentions an alleged letter, with some very serious assertions, the Rodriguez Orejuela brothers had sent to you. Does such a letter exist, Mr. President?

[Samper] The fact that a letter is sent to someone who never sees it does not mean the intended recipient may have been involved in any reproachable conduct. The letter was sent through Medina.... [pauses] Supposedly, according to the media, it was sent through Medina who either showed it or gave it to Botero. I never knew of such a letter. I never learned about its content; therefore, I cannot respond to something I never received, even if it was addressed to me. I never received it and only learned of its content when Botero unveiled it.

[Orozco] Another of the charges former Minister Botero has mentioned is that you and close associates of yours,

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including three ministers, have met to make a decision that would keep the prosecutor general from concluding his term in 1998.

[Samper] This matter is very simple one. I invite you or, rather, challenge you to ask all state advisers, one by one, whether they have received a phone call from me to sway their decisions for or against the prosecutor general. I did not try to keep the prosecutor general from staying or to make him stay. As a lawyer, it is repugnant to me to believe the president of the Republic could somehow interfere with a jurisdictional institution; this is absurd. What grieves me most about these proceedings is that former Minister Botero has tried to involve in his testimonies individuals for whose honesty and innocence I am willing to put my hand in the fire. Such individuals include Horacio Serpa, Rodrigo Pardo, and Juan Manuel Turbay, who were Botero's campaign companions and whose only complaint may have been that Botero alone handled everything related to the campaign.

[Orozco] Mr. President, a news medium yesterday disclosed a so-called memorandum by Botero in which he described how to keep the prosecutor from staying until 1998. Did you receive this memorandum?

[Samper] I understand that this memorandum reached the government.

[Orozco] But did you receive it?

[Samper] I did learn of it.

[Orozco] People could ask why you did not report this letter at the time. Could this omission be regarded as concealment of a fact pertaining to former Minister Botero at the time?

[Samper] The government never took any action to keep the prosecutor general from staying or making him leave. It should remain clear that I am neither for or against his staying. I regard as fully unacceptable for the government, the Supreme Court of Justice, the Constitutional Court, or the Council of State to interfere in such affairs.

[Orozco] Mr. President, to finish with this chapter on Botero, he says somewhere in the expanded interrogatory that you, against Botero's wish, tried to keep General Rosso Jose Serrano from being appointed National Police director apparently, quote, because he was too close to the DEA.

[Samper] Absolutely false. It was I who finally decided to make changes in the police, even sacrificing several important generals who were above Serrano at the time.

[Orozco] In this chapter of the charges against the president, there is a much more complex problem, the international one. Do you believe the U.S. Government will react regarding certification?

[Samper] I expect the U.S. Government to keep the position it has maintained so far regarding this problem. This is a Colombian crisis that we are resolving with Colombian institutions and that will finally evolve and reach a conclusion in accordance with Colombian law and the Constitution. The U.S. Government has kept itself out of this matter so far, a decision which I believe is the most sensible. To try to link the certification to a solution to the crisis and to do it at a time when the proceedings in which the president can explain his actions have not yet started would be tantamount to an interference that—I repeat—would break the line the U.S. Government has been following in the past few months.

[Orozco] Mr. President, the rumor has been circulating in Colombian high circles and apparently also in Washington that the certification is conditioned to your stepping down from office. [words indistinct]

[Samper] I think that statement is absolutely outlandish. The only certification I accept is the one that must be issued by the Colombian Congress through the Chamber of Representatives after assessing and judging my actions from the evidence the prosecutor general will certainly present to the Accusations Committee shortly.

[Orozco] The circle has apparently closed around you a few hours before the prosecutor general has presented his charges. The bishops are speaking of a temporary resignation. What do you think about this position, considering the church is such an influential institution in Colombia?

[Samper] I interpret the position of the bishops and other church officials very differently. What they have suggested in good faith—and we must accredit this good faith to them because of their position of church [sentence incomplete as heard]

Colombia's Samper Rejects Bishops' Call To Step Down

PA1402212196 Madrid EFE in Spanish 1927 GMT 13 Feb 96

[FBIS Translated Text] Santa Fe de Bogota, 13 Feb (EFE) — Colombian President Ernesto Samper rejected today the recommendation of several local bishops that he step down while being investigated for his alleged election with drug trafficking money, and he added that he was elected for four years and that no formal charges have been leveled against him.

The request was made on 12 February by Santa Fe de Bogota Archbishop Pedro Rubiano, president of the

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Colombian Bishops Conference, who suggested that Samper should request temporary leave, because he must now divert attention from his work to defend himself from charges of having received Cali Cartel money.

Rubiano pointed out today that President Samper himself called to say that no specific charges have been leveled against him at Congress, and he pointed out that he was elected for four years, and thus, he will not step down from the Presidency.

The prelate noted he made that statement on a "personal basis," and he was not the voice of assembly of 75 Colombian bishops that started in Santa Fe de Bogota on 13 February and will last one week.

Several bishops, however, supported the request that the head of state step down temporarily. Some of them urged the president to step down permanently, but others said that the church should not meddle in politics.

Senate President Julio Cesar Guerra Tulena asked Rubiano to show "prudence and not make judgments." He added that the bishops are "prejudging when they should be promoting harmony and peace among Colombians; otherwise, we will reach a state of upheaval."

In reply to Senator Guerra, Rubiano said that "as a citizen, he is entitled to give his opinion. I gave an opinion and I reaffirm it," the bishop pointed out. He added that the parliamentarians who are judging Samper and who "have a shadow of a doubt about his conduct should withdraw from the case."

"The country is tired of corruption and immorality and in this regard, the church raises its voice without censorship and with total freedom, the president of the Colombian Bishops Conference underscored.

Colombian Conservatives Issue Communique on Crisis

PA1402210396 Santa Fe de Bogota EL TIEMPO in Spanish 14 Feb 96

["Text" of a communique issued by the Conservative National Directorate in Santa Fe de Bogota on 13 February — received via Internet]

[FBIS Translated Text] The Conservative National Directorate, after evaluating the latest events of the institutional crisis experienced in the country declares the following:

1. We reject and deem unacceptable the practices of the national government to offer bureaucratic positions, Social Solidarity Network subsidies, and other mechanisms to congressmen in an attempt to influence the result of the investigation being conducted against the president of the Republic, thereby compromising their independence as investigators and potential judges of the president.

Based on the above, we support the decision made by the former Conservative parliamentary faction, which asked the government to freeze the its payroll for the duration of the crisis.

2. We support the statements made by the Catholic Church's hierarchy as expressed through Monsignor Pedro Rubiano, who asked the president of the Republic to take leave from his post temporarily to guarantee the absolute independence and transparency of the process being conducted against him in Congress.

3. We ask the congressmen involved in Case 8000 to disqualify themselves from participation in the investigation and trial of the president.

4. We support the decision that the National Electoral Council has adopted regarding the purging of the political practices that violate the law and morals.

5. We ask the prosecutor general to make public the contents of the charges against the president of the Republic, which he will present to the Accusations Committee.

Conservative National Directorate

Santa Fe de Bogota, 13 February 1996.

Colombian Air Force Communique on Loyalty to Samper

PA1402204696 Santa Fe de Bogota EL TIEMPO in Spanish 14 Feb 96

[Unattributed report — received via Internet]

[FBIS Translated Text] Major General Hector Hernando Gil Nieto, commander of the Colombian Air Force (FAC), yesterday ratified the loyalty of the institution to its natural superiors and denied press reports stating that FAC officers had requested the resignation of President Ernesto Samper Pizano.

Meanwhile, it was learned last night that one of the officers who drafted the communique on behalf of the FAC apologized to fellow officers from the institution and requested his discharge from service.

In a press communique, the FAC commander denied information aired on Tuesday evening in a television newscast stating that to FAC officers, "the resignation of the president is the first step so that Colombians can believe once more in our institutions."

Gil emphatically stated that "active duty officers, without an exception, are faithful to their commitment with

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the fatherland, maintain their loyalty to their natural superiors, and obey, in a conscientious and professional manner, their orders."

The statement by the official was made one day after two FAC officers appeared at the "CM& Newscast" studio with a communique in which, in addition to demanding the resignation of the president, they stated:

"We cannot defend a government that attained power through the admitted support from drug trafficking and all its corrupt system."

In the face of statements according to which FAC officers "can no longer defend a constitutional order when the head of the executive totally lacks dignity, ethics, and civil responsibility, and does not place the general interest above his personal ambition and particular benefit," Gen. Gil remarked that the FAC is an institution that has the "unspoiled identity of beliefs among all its members." [acendrada identidad de criterio de todos sus integrantes]

For the FAC commander, the report broadcast over the newscast is "totally false and goes against the principles of the institution."

Requested His Discharge

At 2030 last night, the FAC Command revealed that the officer who issued the communique on "CM& Newscast" was Captain Oscar David Cardona Avila, who appeared before the FAC Command Adjutant General's Office and apologized to the officers.

Gil said that Cardona acted on his own behalf and without any institutional representation.

After apologizing, Cardona, who remains in active duty and had been outside of the FAC since 1992 on a study commission, requested his discharge from active duty.

Capt. Cardona Avila studies business administration at the Javeriana University in Santa Fe de Bogota.

Following we present the text of the communique issued by the FAC:

"Santa Fe de Bogota, 13 February 1996

"The commander of the FAC hereby informs the public opinion that the report broadcast over 'CM& Newscast' last night under the headline 'ARMED FORCES OFFICERS REQUEST THE RESIGNATION OF PRESIDENT SAMPER' is totally false and goes against the principles of the institution because, currently active duty officers, without an exception, remain loyal to their commitment with the fatherland, maintain their loyalty to their natural superiors, and obey, in a conscientious and professional manner, their orders.

"During the course of its 76-year history, the FAC has prevailed as an institution that has an identity of beliefs among all its members; it is a monolithic force, disciplined, and conscious of its responsibility in the fulfillment of its constitutional mission, which is the defense of national sovereignty, territorial security, democratic institutions, and the rights of Colombians.

"This Command categorically rejects reports such as this, based on anonymous and false testimonies.

"Maj. Gen. Hector Hernando Gil Nieto

"FAC Commander"

Colombia's Serpa, Senator Exchange Verbal Attacks

PA1402142096 Santa Fe de Bogota EL TIEMPO in Spanish 13 Feb 96

[Received via Internet]

[FBIS Translated Text] Interior Minister Horacio Serpa Uribe held a real political match last night with Conservative Senator Enrique Gomez Hurtado, who is considered one of the most rigid opponents of the government at the National Congress.

Both Serpa and Gomez participated in the "Crossfire" segment of the "QAP News" newscast. Amid verbal attacks [raponazos] and arguments in favor of or against the executive branch, both of them stated why the Colombian president does or does not deserve to remain in office.

However, the strongest 'blow' was against the Senate, which Gomez Hurtado compared to the polluted Bogota River.

On many occasions, this intense debate forced moderator Maria Elvira Samper to mediate to calm them down and organize thoughts, but it was to no avail.

"How will the government react when the prosecutor general presents charges against the president?" This was the first question that was asked during this debate. The remainder of the debate was a verbal dispute between Serpa and Gomez.

"It is important that everything related to this process finally be cleared up. The most concerned individual in Colombia is..." Serpa could not finish his response because Senator Gomez immediately asked him bluntly: "So then, why are you hiding everything?"

"The one who is hiding everything — Serpa said — is the one who is constantly asking for an investigation of everything... But let me speak, doctor... [no ending quotation mark as published]

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"You usually talk too much," Gomez replied.

"The president is only asking to be allowed to dispute the evidence...," Serpa managed to conclude.

Gomez retorted: "I think the Congress should be reshuffled. The people should elect a new Congress. We saw how votes for the president were bought. According to Mogollon's statement, Samper gives certain figures that could easily become a court order for investigation of a crime."

Serpa said that the Congress had not been invented by the president, that he believes in the prosecutor general, and that he regards as timely Samper's warning not to take sides in judging his behavior.

Making an analogy to the Bogota River, Gomez added: "Someone wants to force the Colombian people to drink the polluted water of the Congress. That water is not potable."

Serpa countered: "What you said is a sophism, and a sophism is a lie under the guise of truth."

Gomez reminded Serpa: "The entire country knows that the final judge will be the Senate and that it was the Senate that approved the narcorider."

"Dr. Gomez, you are a very important person, but stop believing you are exceptional (...). There are very important people in the Chamber of Representatives (...). Or do you want things to be done outside the law? If you mistrust the institution why, then, did you run for senator?," Serpa asked in the heat of the debate.

Gomez replied: "Because it was necessary for me to be there so I could say everything that I am saying now."

Then came commercials and the debate ended.

Colombian Prosecutor Delivers Charges Against Minister

PA1502025596 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 15 Feb 96

[From the "Seven O'Clock Newscast"; monitored from retransmission by Lima Sistema Unido de Retransmision Television at 0100 GMT 15 Feb]

[FBIS Translated Text] The Prosecutor General's Office has sent to the Supreme Court of Justice an official copy of a request for the opening of preliminary investigations of Interior Minister Horacio Serpa.

This newscast learned a few minutes ago that the Prosecutor General's Office has delivered official charges against Interior Minister Horacio Serpa Uribe to a Supreme Court of Justice delegate, thus opening a preliminary investigation against Minister Serpa within the framework of Case 8000, as this newscast has reported.

Serpa will be investigated because he knew of the financial operations of President Samper's campaign, something which the minister had denied, arguing that he had dedicated himself to the political management of the campaign only.

Serpa now has only two alternatives. If he is called for questioning by the court's delegate, he will certainly have to resign, as Minister Botero did, or he can continue in his post until the investigations end.

Colombian Court Charges Senator With Illegal Enrichment

PA1502034396 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 15 Feb 96

[From the "Seven O'Clock Newscast"; monitored from retransmission by Lima Sistema Unido de Retransmision Television at 0100 GMT 15 Feb]

[FBIS Translated Text] Another congressman has fallen regarding Case 8000. Senator Gustavo Espinoza was arrested today. The Supreme Court of Justice issued an arrest warrant without bail on charges of illegal enrichment.

Senator Gustavo Espinoza received the news at 1500 in his office on the third floor of the new building of the Colombian Congress. The Supreme Court of Justice had just ordered his arrest without the benefit of bail. He had said he would surrender should this happen, and he did.

Accompanied by his secretary and wearing a coat to protect himself from the cold in his new, future domicile, he left the building in which he functioned for 20 years as a congressman. He boarded his own automobile, visibly calm before the cameras, went to the Technical Investigation Group of the Prosecutor's Office, and placed himself at the disposal of Hernan Jimenez, the group's director. Up to now, the Prosecutor General's Office has not decided where he will be held.

This is what he said before entering the Prosecutor General's Office:

[Begin recording] [Espinoza] Goodbye.

[Unidentified speaker] [Words indistinct]

[Espinoza] Never!

[Unidentified speaker] [Words indistinct]

[Espinoza] No! [end recording]

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A few minutes before his arrest, Gustavo Espinoza had told Orlando Guerrero that the idea of being in prison scared him and how much at peace he would be if he were killed:

[Begin recording] [Espinoza] If I ever leave prison alive, I will continue to practice my profession.

[Guerrero] Are you afraid something may happen to you?

[Espinoza] I wish somebody would kill me; in this way, I would rest from this punishment, this anticipated suffering, social disgrace, the ruin of the good name I had. In Congress, one always has enemies, enemies whom I do not know and who claim I have said things I have never said or never wrote.

[Guerrero] Are you afraid?

[Espinoza] I am afraid and ashamed. I hope that the records of these proceedings are well protected and that they are kept in my house for several generations so my descendants may feel right and not be ashamed of me. [end recording]

Colombia's Samper Condemns Alleged Killing of Workers

PA1502051796 Mexico City NOTIMEX in Spanish 2005 GMT 14 Feb 96

[FBIS Translated Text] Santa Fe de Bogota, 14 Feb (NOTIMEX) — Colombian President Ernesto Samper today condemned the killing of 11 workers in the banana region of Uraba, the perpetrators of which have failed in their objective to create chaos in the country.

After lamenting the murder, Samper said "expressions of violence such as this one only seek to create chaos in a region that is vital (Uraba) to the national economy."

In a communique, the Colombian president announced that he had instructed Defense Minister Juan Carlos Esguerra and Interior Minister Horacio Serpa to coordinate all operations in pursuit of the individuals responsible for the multiple murder.

Alleged members of the Revolutionary Armed Forces of Colombia (FARC) this Wednesday intercepted a bus carrying banana pickers in the northwestern community of Carepa and, list in hand, proceeded to execute 11 of them.

Most of the victims were sympathizers of the Hope, Peace, and Liberty Movement that came about from the peace agreements signed between the Liberal government of Cesar Gaviria and the rebel Popular Liberation Army (EPL) in 1991.

In Uraba, Colombia's largest banana producing region, there were 800 murders recorded last year as a result of armed clashes between paramilitary groups, former guerrillas, and rebels fighting over local political power.

In a declaration, the Colombian president attributed the killing to what he described as "intolerant minorities who intend to sow hate and violence" and reiterated his government's disposition to search for peace in that distressed region.

The murder coincided with the going into effect in Colombia of the Geneva II Protocol on the humanization of war and the signing of a collective convention intended to benefit 12,000 fruit pickers.

The Catholic Church also joined Samper's condemnation and described this latest violence as "a blow to peace."

"This situation undoubtedly raises questions about the likelihood of a dialogue," stated Archbishop Pedro Rubiano, president of the Colombian Bishops Conference, in calling for an end to the conflict in that war torn region.

Rubiano chairs a Conciliation Committee the church created this past August in an effort to accomplish the return of the government and rebel delegations to the negotiating table, which was dissolved more than three years ago.

Colombia Passes 'Trial by Fire' With Bond Issue

PA1402184296 Santa Fe de Bogota LA REPUBLICA in Spanish 13 Feb 96 pp 1A, 2A

[FBIS Translated Text] Placing Colombian bonds in the U.S. market has been recognized as a trial by fire to evaluate foreign investors perception of the affects of the political crisis.

And on this occasion we have to acknowledge that Colombia was able to pass the test. Yesterday it placed its first Yankee Bonds issue of the year for $400 million in the U.S. market, amount that surpassed the bond offer made at the beginning of last week by $100 million.

Of this total, $200 million were placed at a 20-year maturity and the other $200 million, at seven years, with fixed interest rates of 8.7 and 7.3 percent, respectively.

Market interest rates are comparatively lower on account of Colombia having placed the bonds at a time when the U.S. Treasury Department decided to cut interest rates.

This is why the bonds' interest rates are lower than the issues placed during 1994 which carry maturities between five and 10 years.

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According to Finance Minister Guillermo Perry this situation is evidence that as far as investors are concerned, the main indicator is how solid the economy is and how it is being managed.

Although the political situation does have some influence, the mood in the United States is that the problem will be solved in the short term and what is most important is that it will be resolved by resorting to available democratic channels.

According to what the finance minister explained, Colombia unveiled a bond offer for $300 million while the demand recorded amounted to $650 million.

It is the first time Colombia decides to proceed with a bond placement in the U.S. market offering a maturity greater than 10 years. Moreover, it is the second developing country after China to carry out such an operation.

This latest placement also represents Colombia's largest global bond issue since 1993 when it began offering U.S. dollar bonds in the local market, and later timidly decided to enter the international financial market.

"This is why the merit is twofold since we were able to place the bonds and the interest rates are quite attractive," an official pointed out.

Likewise, Perry indicated, excess demand for Colombian bonds is evidence that the likelihood of a decertification is meaningless to the financial markets.

Otherwise, institutional investors, investment funds, and insurance companies would not dare risk their resources, the finance minister added.

Representatives from Goldman Sachs and Merryl Lynch, responsible for the bond placing operation, stated that despite the difficult political situation there is still confidence that the problem will be solved without undermining the economy.

The $400 million have been earmarked to cover budget expenditures, and is also part of the external $1.1 billion indebtedness estimated by the government for 1996.

Once the outcome of this bond placement had been made public, Colombia immediately began taking steps for the placement of a $250 million Samurai bonds in the Japanese market.

Colombian authorities perceive that there is a favorable climate to place more than 50 percent of the resources estimated as external financing.

During the various meetings that have been held, foreign investors concern has been centered on the manner in which issues such as the Oil Stabilization Fund, commercial integration, the political situation and the decertification are being handled.

Budget Cuts

On the other hand, the Finance Ministry announced that during the next few days it will be formalizing cuts in the operations budget, but by taking into account proposals that have been made by the various government institutions in accordance to the "belt tightening decree."

Considering the threats of a strike being made by judicial sector workers on account of lack of resources, Perry indicated that fiscal sacrifice will include all sectors. "Fiscal austerity is for everyone."

Colombia's Security Council Tightens Security Measures

PA1402163496 Santa Fe de Bogota Radio Cadena Nacional in Spanish 0000 GMT 14 Feb 96

[From the "RCN Radio Events" newscast]

[FBIS Translated Text] The Special Security Council this evening decided to increase the public forces' control measures that involve raids, road-blocks, and intelligence operations in Santa Fe de Bogota.

At the conclusion of a meeting that lasted two hours, the members of the Council issued a communique announcing their decision to immediately implement the plan to restructure the Metropolitan Police internally as well as the police units assignment program.

The communique notes that after carefully analyzing the situation of violence in Cundinamarca Department, the Council members agreed that it foments security problems in the capital.

Colombian Business Groups Visit U.S. on Certification

PA1402144196 Santa Fe de Bogota LA PRENSA in Spanish 13 Feb 96 p 22

[FBIS Translated Text] The first commission of businessmen is already in the United States trying to defend the certification, which seems very remote. Very few results were obtained on the first day, but business leaders insist that this lobby is necessary to try to defend the country, not the government.

Consequently, a commission of four business leaders representing the Associations Council — Analdex [National Association of Exporters], ANDI [National Association of Industrialists], Fedegan [National Cattle Breeders' Association], and Asocolflores [Colombian Association of Flower Exporters] — will travel to the United States next week. They will be sponsored by

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a U.S. public relations firm, which will get them appointments with U.S. economic leaders and congressmen so they can try to convince them about the damage a noncertification of Colombia would bring about for the country and, especially, for the thousands of workers who have nothing to do with the current political crisis. They will work to emphasize this rather than the struggle Colombia has waged against drug trafficking.

Therefore, for the Associations Council, although it may seem paradoxical that they are helping the government to lobby for a certification after issuing a communique calling for the temporary resignation of the president, this is not paradoxical, because "the certification is not an issue of benefitting or not the government or the president, but a matter of national benefit."

And the reasons for this are obvious. Should the certification not be given, Colombia would face very negative implications internationally for its large development projects as well as for its commercial relations, from the economic standpoint.

Acopi [Colombian Association of Small Industries] President Jaime Alberto Cabal explained: "That is why the Associations Council thinking more about the country and national interests, in spite of the fact that it has a very clear position with regard to the government of President Samper, deems it advantageous to try to obtain the certification not to benefit Samper or the government, but to benefit Colombia."

The implications of lowering or decreasing exports, which could mean a fluctuation between $500 [figure as published] and $1 billion, and the consequences on the unemployment rate, as many people would be left without jobs, would be serious to the country.

"That is the reason, and not because we want one thing or another to happen to the president domestically, we cannot jeopardize Colombia," Cabal stressed.

He added that the position stated in the Associations Council's communique remains unchanged. It was very clear and goes farther than just requesting a temporary resignation that could in many aspects establish a precedent. It continues to be our stand and will not change because the certification is important for Colombia, Cabal underscored.

There is no doubt that the political crisis has caused serious difficulties not only in that sector, but among the businessmen, who have witnessed their projects for new investments and development come to a halt. In this regard, Cabal said: "Uncertainty triggers instability, which in turn discourages production, and we are witnessing that in the sector everyday."

Likewise, he added, many international businesses or strategic alliances are holding back due to the same level of precaution shown by foreign businessmen, but we cannot measure that impact at present.

Nevertheless, the initial results of polls conducted by various labor unions at the different businesses, and particularly by Acopi, revealed that 85 percent of the businessmen affected said there was a direct link between the situation at their businesses and the political crisis.

Cabal underscored the country's need to solve the problem as soon as possible. The certification will be issued soon. The decision to resign is in the president's hands. Whether he does it now or not would not affect the certification, but he should consider that option.

Foreign Investment in Colombia Said To Increase

PA1002022296 Mexico City NOTIMEX in Spanish 1345 GMT 8 Feb 96

[FBIS Translated Text] Santa Fe de Bogota, 8 Feb (NOTIMEX) — A report by investors revealed in this capital today that despite the political crisis being faced by Colombia, foreign investment in the country continues its trend of sustained growth.

Armando Vegalara, president of the Invest in Colombia Corporation [Corporacion Invertir en Colombia — COINVERTIR], disclosed that $1.012 billion in investment capitals entered the country during the 10 first months of 1995. This figure does not include oil or portfolio activities.

Vegalara indicated that in the same period in 1994, $507 million entered the country, which implies that the increase registered in this area reached 117 percent, an unprecedented average in Colombia's economic history.

The serious problems resulting from the accusations against President Ernesto Samper due to the alleged infiltration of drug-related funds in the political campaign that won him the presidency in 1994 did not deter foreigners from investing their money in Colombia.

According to COINVERTIR, figures from January to October also include the new investment flows, the reinvestment of profits minus returns on capital in the companies.

It indicated that most of the capital entered the country via foreign currency, technology, machinery or reconversion in capital debt. Seventy-eight percent of the investments comes from capital investments, mostly foreign currency.

The manufacturing firms reaped the greatest benefit from the new capitals, with 41 percent of the total,

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that is, $449 million, a part of which was invested in sectors such as chemicals, rubber and plastic products, foodstuffs, beverages, and tobacco.

The following sectors also reaped benefits: communications services, commerce, transportation, and community and social programs, Vegalara stressed.

Most of this flow of capital came from the United States, with $320 million, followed by several nations of the European Union (EU), including France, the Netherlands, Ireland, Germany, and the United Kingdom.

South American countries invested $130 million in Colombia. Of this total, Ecuadoran businessmen invested $71 million.

Although their figures lag far behind, two Asian countries — China and Japan — maintain steadily growing investments, with annual averages of $23 million each one, the COINVERTIR report concluded.

Venezuela

Venezuelan University Official: Police Shot at Students

PA1502013796 Mexico City NOTIMEX in Spanish 2253 GMT 14 Feb 96

[FBIS Translated Text] Caracas, 14 Feb (NOTIMEX) — Jose Maria Cadenas, deputy rector of Universidad Central de Venezuela (UCV), has disclosed that policemen invaded the UCV today and shot at students.

Cadenas condemned the police's action as an indiscriminate violation of the university's autonomy, because they violently broke onto the grounds of Venezuela's top university.

Unofficial sources have said that the policemen arrested at least 20 students and that two were wounded seriously.

Cadenas accused the Directorate of Intelligence and Prevention Services (Disip) and the Metropolitan Police of causing a mess on campus during the pursuit of alleged demonstrators.

A group of faculty members from the Association of UCV Professors today staged a peaceful march to protest against the disturbances at the university caused by hooded individuals over the past three weeks.

The police have been blocking the university's main entrances since this morning as a means of preventing student riots, which have resulted over the past few days in the burning of vehicles, garbage, and tires.

Cadenas added that the UCV rejects the presence at Venezuela's top university of hooded individuals who cause disturbances and that it also opposes police interventions on campus grounds.

Venezuelan Police Break Up Student Demonstration

PA1302230796 Mexico City NOTIMEX in Spanish 1313 GMT 13 Feb 96

[FBIS Translated Text] Caracas, 13 Feb (NOTIMEX) — The Metropolitan Police (PM) and the National Guard (GN) today broke up a violent student demonstration in the densely populated neighborhood of 23 de Enero, located in western Caracas.

The police announced that "a group of unidentified individuals" made several shots, taking advantage of the confusing confrontation between students throwing rocks and policemen responding with tear gas grenades.

The clash took place at the entrance of the "Manuel Francisco Fajardo" High School, which suspended classes as a security measure following the riots.

None of the students and masked individuals who faced the police gave reasons for the protests, but other reports have stated that the demonstrators were chanting slogans against the Venezuelan Government's economic policies.

According to the first reports, the shots were made from Building 27 of the densely populated neighborhood of "23 de Enero," which is close to Miraflores Palace, seat of the executive branch.

This student confrontation is the first after Venezuela literally "came to a standstill" over the weekend to listen to the messages of Pope John Paul II, who has made an official visit to Venezuela.

Venezuelan Parties Reject Minimum Wage Increase

PA1402042396 Caracas Venezolana de Television Network in Spanish 1545 GMT 13 Feb 96

[Speakers identified by caption]

[FBIS Translated Text] The Social Christian Party (Copei) and Movement Toward Socialism (MAS) said the new wage increase announced by the executive is insufficient.

According to Copei General Secretary Donald Ramirez, the government should wake up, react, and modify its economic policy.

Ramirez suggested that the National Economic Council [Consejo Nacional de la Economia] and the Venezuelan Central Bank express their views in accordance with the Labor Code regarding the executive's decree on the minimum wage increase, which in his opinion, should be modified.

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[Begin Ramirez recording] The outlined conditions do not fulfill the workers' expectations. If an increase is not part of the framework of an economic policy, which could solve structural problems, then in a few days, the increase in inflation will put an end to the possible benefits of the wage increase. [end recording]

MAS leaders, during their usual meeting, expressed their opinion on the issue. They believe that the wage increase does not fulfill people's expectations.

[Begin Enrique Ochoa Antich recording] We are not completely satisfied. We insist that what Venezuelans expect is not insufficient wage increases that are afterwards overturned by an unstoppable inflation, but that the government implements a coherent economic policy that promotes employment, guarantees greater production and stimulates productivity. [end recording]

Today, the four Venezuelan labor unions, CTV [Venezuelan Workers Confederation], CUTV [United Federation of Venezuelan Workers], CGT [expansion unknown] and Codesa [Committee of Autonomous Unions], will present before Congress a joint document rejecting the decree on the worker's minimum wage increase.

Venezuelan Official: Poor Border Policy Helps Rebels

PA1402211296 Caracas EL NACIONAL in Spanish 13 Feb 96 p 1D

[Report by Evert Garcia]

[FBIS Translated Text] Defense Minister General Moises Orozco Graterol yesterday said in La Victoria that over the past few days Colombian guerrillas have been harassing three Venezuelan border posts.

Orozco Graterol, who was in Aragua to commemorate Youth Day, used the term harassment to refer to the rebels actions, noting that an attack is when the enemy is present along the entire border region.

He cited the incidents over the weekend in Carabobo, La Victoria in Apure, that resulted in one petroleum worker wounded, and in San Fernando de Atabapo.

According to Orozco Graterol the lack of a good border policy on the Colombian side makes it very easy for the rebels to harass and then hide along the border.

"As long as the neighboring country lacks the presence of authorities at the border, is very difficult to avoid harassment," Orozco noted.

In regard to the number of measures adopted to avoid this type of actions, Orozco said the enemy should not be told of the actions to be taken. Orozco noted: "Thanks to precautions taken no attacks were registered, but instead there were incidents of harassment."

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